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RAILROAD
TRAFFIC AND RATES
—
JOHNSON AND HUEBNER



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APPLETON'S RAILWAY SERIES

EDITED BY

EMORY R. JOHNSON, PH.D.

**RAILROAD TRAFFIC
AND RATES**

VOLUME II

PASSENGER, EXPRESS, AND MAIL SERVICES

APPLETON'S RAILWAY BOOKS

Edited by
EMORY R. JOHNSON, Ph.D.

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RAILROAD TRAFFIC AND RATES

Vol. I.—The Freight Service.

Vol. II.—Passenger, Express and Mail Service.

By EMORY R. JOHNSON, Ph.D.

and

GROVER G. HUEBNER, Ph.D.

8vo. Cloth, two volumes, \$5.00 net

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RAILROAD TRAFFIC AND RATES

BY

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VOLUME II

PASSENGER, EXPRESS, AND MAIL SERVICES

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PART IV

THE ORGANIZATION AND MANAGEMENT
OF THE PASSENGER SERVICE

CHAPTER XXVI

THE ORGANIZATION AND SERVICES OF THE PASSENGER TRAFFIC DEPARTMENT

Growth of passenger traffic—Scope of this volume—General passenger traffic organization of the Pennsylvania Railroad—Of the Southern Pacific Company—Management of Pullman, mail, and express services—Duties assigned passenger traffic officials of Pennsylvania Railroad—The work of the Passenger Traffic Manager and the General Passenger Agent—Tasks assigned the subdivisions of the passenger department of the Pennsylvania Railroad—References.

THE passenger business of railways becomes of greater importance year by year, not only absolutely, but also relatively, to the freight services. As cities grow in size and number, as population becomes more dense and per capita wealth greater, travel more than proportionately increases; and, although the freight tonnage and earnings also rise rapidly, the expansion of the passenger traffic shows an even higher percentage. It is upon the oldest railway systems, those serving the most fully developed countries or sections of a country, that the ratio of passenger earnings to freight receipts is highest. On the New York, New Haven & Hartford Railroad, for instance, the passenger trains bring in 48 per cent of the total earnings and the freight trains 51 per cent; while on the Chicago, Milwaukee & St. Paul Railway, a typical road in the middle West, the passenger earnings are 26.72 per cent and the freight receipts 72.67 per cent of the total earnings from operation.

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Moreover, the statistics of the traffic on steam railroads only partially express the increase in travel resulting from the growth in population, density, and per capita wealth; since 1890 electric railway lines have spread rapidly, and in many sections of the United States at the present time the suburban and interurban traffic of the electrics exceeds that of the steam roads. From the point of view of the steam lines this means serious competition, although it has not prevented a rapid growth of their passenger traffic as a whole; from the standpoint of the public the multiplication and extension of electric railways afford greater facilities with which to satisfy the increasing demand for transportation and the stronger desire for travel.

This discussion of the passenger business of steam railroads will naturally include, first, an account of the various services performed by the passenger department, and, second, the consideration of the fares charged by steam roads and of the influence of electric railways upon the services and charges of the steam railroads. To each of these two general subjects a separate part and several chapters of the book are devoted. In this, the opening chapter of the section upon the passenger service, the organization of the activities of the passenger department will be described. Succeeding chapters will describe, in turn and with appropriate detail, the several services.

The place which the passenger department occupies in the general railroad organization and the relation of the passenger and freight divisions of the traffic department, as a whole, were set forth in Volume I, Chapter IV, upon the Organization of the Freight Traffic Department. Practically every railroad company has a Traffic Vice President in charge of both the freight and passenger services. The larger companies usually have either one Traffic Manager,

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with jurisdiction over both services, or two Traffic Managers—one for freight and one for passenger business.

The Pennsylvania Railroad, the ranking railway in volume of both passenger and freight business, has a Passenger Traffic Manager and another Traffic Manager for freight, but no Manager with authority over both services, the duties which such an official would perform being exercised by the Traffic Vice President. On the other hand, the Union-Southern Pacific, to which the late Mr. E. H. Harriman gave one of the highest types of organization, has a Traffic Vice President, who is subject to the Director of Traffic, and two Traffic Managers—one for freight and one for the passenger service. The necessity for having a single traffic head over the federation of large railway systems included in the "Harriman Lines" is apparent. Harmony and unity of traffic policy would otherwise be practically impossible. A railway system of medium proportions, like the Delaware, Lackawanna & Western or the Philadelphia & Reading, is apt to have the passenger branch of the service headed by the General Passenger Agent, while the freight department, which has charge of a larger volume of business, is under the control of a Freight Traffic Manager, who, like the General Passenger Agent, reports directly to the Traffic Vice President.

The general organization of the passenger traffic departments of the Pennsylvania Railroad Company and of the Southern Pacific Company may be selected as typical of large systems. One is a large but closely consolidated system, managed from a single center; while the other is so decentralized as to require several administrative centers. The Pennsylvania organization was presented in Chapter IV, but may be repeated here as a basis for the present discussion:

THE PASSENGER SERVICE

Passenger Traffic Organization of the Pennsylvania Railroad Company, 1910

Traffic Vice President.

Passenger Traffic Manager.

General Passenger Agent.

Assistant General Passenger Agent. (In charge of through traffic.)

District passenger agents.

European agents.

Assistant General Passenger Agent. (In charge of local traffic.)

Division ticket agents.

General Baggage Agent.

Assistant General Baggage Agent.

The Harriman Lines include several large systems. The Union Pacific Railroad extends to Ogden from Council Bluffs and Kansas City on the Missouri River (really from Chicago over connecting roads). The Southern Pacific runs from Ogden west, and also from New Orleans to the west coast. Steamship lines also join New York with New Orleans and Galveston. The traffic organization of the Southern Pacific must direct widely scattered activities; and efficiency of administration requires that there shall be a territorial subdivision of the system. The manner in which unity of authority is exercised and decentralization of official supervision is accomplished is indicated by the following outline of the company's passenger organization:

Passenger Traffic Organization of the Southern Pacific Company, 1910

Director of Traffic.

Assistant Director of Traffic.

Assistant Director of Traffic.

Mail Traffic Manager.

} Offices in Chicago.

Vice President in charge of traffic (San Francisco).

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Passenger Traffic Manager (San Francisco).

General Passenger Agent (San Francisco).

Assistant General Passenger Agent (San Francisco).

Assistant General Passenger Agent (San Francisco).

Assistant General Passenger Agent (San Francisco).

General Passenger Agent, lines in Oregon (Portland).

Assistant General Passenger Agent, lines in Oregon,
(Portland).

General Passenger Agent, lines east of Sparks, Nev. (Salt
Lake City).

Assistant General Passenger Agent, lines east of
Sparks, Nev. (Salt Lake City).

General Passenger Agent, Atlantic Steamship Lines (New
York, New Orleans, and Galveston) (New York).

General Passenger Agent, Atlantic Steamship Lines (New
Orleans and Havana) (New Orleans).

General Baggage Agent (San Francisco).

General Baggage Agent, lines in Oregon (Portland).

General Baggage Agent, lines east of Sparks, Nev. (Salt
Lake City).

The Director of Traffic has a most important place in the traffic organization of the Harriman Lines. He and the Assistant Directors have jurisdiction over the freight and passenger traffic of both the Union Pacific and Southern Pacific systems. Thus, the Vice President in charge of traffic at San Francisco has immediate jurisdiction over the freight and passenger business of the Pacific system of the Southern Pacific Company and reports to the Director of Traffic who is the officer that unifies the traffic administration of the several Harriman Lines.

The outlines of these two organizations indicate that railway companies limit the activities of the passenger department to the transportation of passengers and their baggage. There are, however, other services performed by passenger trains, and it will be best to mention them briefly

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before describing the duties assigned to the several passenger traffic officials.

The sleeping and parlor car facilities, which upon most roads are provided in coaches belonging to and cared for by the Pullman Company, constitute an increasingly important part of the passenger services; but, as the railway company merely leases and hauls the Pullman equipment, it is the operating, and not the traffic, department that has the duty of securing that equipment and of keeping the Pullman services up to the standards set by the railway company.

It is the railway, and not the Pullman Company, that owns and operates most of the dining cars and serves the meals in them; but in the parlor and other buffet cars the meals are served by the company operating the equipment, which in most instances is the Pullman Company. Most railways consider the maintenance of the dining-car service as an operating problem. The Southern Pacific Company, for example, has a Superintendent of Dining Cars, Hotels, and Restaurants in the maintenance and operating department. The New York Central, likewise, attaches the Superintendent of Dining Service to the operating department. On the other hand, the Delaware, Lackawanna & Western, the Grand Trunk, the Lehigh Valley, and the Louisville & Nashville are instances of companies that make the superintendent of the dining-car service a passenger traffic official. In the case of the Pennsylvania Railroad Company it is the duty of the Superintendent of Passenger Transportation, who is an operating official, to "see that all passenger cars, including sleeping, parlor, and dining cars, assigned to service on lines east of Pittsburgh and Erie, and all cars that may run through over those lines, meet the requirements of the service and are

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kept in proper condition "; but the Superintendent of Dining Cars and Restaurants is subordinate to the Passenger Traffic Manager and the General Passenger Agent.

The supervision and conduct of the transportation of the mails is primarily an operating rather than a traffic problem, but some railways place the service under the General Manager and others under the Traffic Manager. The Pennsylvania Railroad, for example, gives the Superintendent of Passenger Transportation in the operating department supervision over "the handling of the United States mails," while the Southern Pacific Company has a Mail Traffic Manager in the traffic department. Among other companies that give the passenger officials charge of mail transportation may be mentioned the Chicago, Rock Island & Pacific, the St. Louis & San Francisco, the Wabash, and the Seaboard Air Line. It is probable that the transportation of mail in baggage cars over the routes where the volume of mail is light—and that would include the majority of the routes—accounts for placing the supervision of the mails under traffic instead of operating officials.

With few exceptions, express matter is handled by express companies, the only services performed by railways being those of providing and hauling the cars or of giving the express company such space as it may require in the car that is also used for baggage. Providing and hauling cars is, of course, an operating problem that would naturally be performed under the control of the Superintendent of Passenger Transportation.

A survey of the duties performed by the officials named in the above outline of the passenger traffic organization of the Pennsylvania Railroad will present in a concrete way the system by which the passenger department of a large

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railway is administered. In the “ *By-laws and Organization for Conducting the Business of the Pennsylvania Railroad Company* ” the duties of each official are so concisely defined that it will be well to quote that part of the By-laws relating to the passenger department:

Passenger Traffic Manager

1. The Passenger Traffic Manager shall, under the direction of the Third Vice President, have charge of the Passenger Department.

2. He shall be charged with the duty of making arrangements and rates for the passenger traffic over the lines operated by the Company, and shall make all necessary negotiations and arrangements in relation thereto with other railroad or transportation companies or individuals.

3. All rates and arrangements for the transportation of passengers shall be subject to the approval of the Third Vice President or that of the Passenger Traffic Manager, and notice of the same, as soon as fixed, shall be sent to the Comptroller. He shall furnish the General Manager and General Superintendent of Transportation with copies of all arrangements for passenger transportation when completed.

4. The Passenger Traffic Manager shall be charged with the printing and distribution of all tickets, and of advertising matter relating to passenger traffic.

5. He shall instruct the station agents in commercial matters pertaining to passenger traffic.

6. All amounts due to other companies and individuals, in settlement of which Redemption of Ticket Orders are to be issued by the Treasurer, shall be certified to him by the Passenger Traffic Manager, the General Passenger Agent, or one of the Assistant General Passenger Agents.

7. The Passenger Traffic Manager shall nominate to the Third Vice President all subordinate officers in his Department, and shall have authority, with the

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approval of the Third Vice President, to appoint all necessary employees therein.

8. The Passenger Traffic Manager shall be aided by
A General Passenger Agent, and
A General Baggage Agent.

General Passenger Agent

9. The General Passenger Agent shall act for the Passenger Traffic Manager in his absence, and perform such other duties as may be assigned to him by the Passenger Traffic Manager or the Third Vice President.

10. He shall be aided by two Assistant General Passenger Agents.

Assistant General Passenger Agents

11. The Assistant General Passenger Agent in charge of local passenger traffic shall perform such duties as may be assigned to him by the General Passenger Agent, or the Passenger Traffic Manager, and shall act for the former in his absence.

12. He shall be aided by Division Ticket Agents.

13. The Assistant General Passenger Agent in charge of through passenger traffic shall perform such duties as may be assigned to him by the General Passenger Agent, or the Passenger Traffic Manager.

14. He shall be aided by District Passenger Agents.

General Baggage Agent

15. The General Baggage Agent shall, under the direction of the Passenger Traffic Manager, be charged with the arrangements for the receiving, checking, and delivering of baggage, with the making of rates for the transportation of the same, and with the examination of claims for loss thereof or damage thereto.

16. He shall be aided by an Assistant General Baggage Agent.

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Assistant General Baggage Agent

17. The Assistant General Baggage Agent shall perform such duties as may be assigned to him by the General Baggage Agent or the Passenger Traffic Manager, and shall act for the former in his absence.

Division Ticket Agents

18. There shall be a Division Ticket Agent of the Eastern Pennsylvania Division, with office at Philadelphia; a Division Ticket Agent of the Western Pennsylvania Division and the Buffalo and Allegheny Valley Division, with office at Pittsburgh; a Division Ticket Agent of the New Jersey Division, with office at Philadelphia; a Division Ticket Agent of the Erie Division, with office at Williamsport; and a Division Ticket Agent of the Buffalo and Allegheny Valley Division, with office at Buffalo.

19. The Division Ticket Agents shall, under the direction of the Assistant General Passenger Agent, in charge of local passenger traffic, have charge of the passenger traffic of their respective Divisions, and shall give special attention to the development and accommodation of local travel, and to this end shall consult with the respective General Superintendents.

District Passenger Agents

20. There shall be a District Passenger Agent of the Boston District, with office at Boston; a District Passenger Agent of the New York District, with office at New York; a District Passenger Agent of the Philadelphia District, with office at Philadelphia; a District Passenger Agent of the Pittsburgh District, with office at Pittsburgh; a District Passenger Agent of the Buffalo District, with office at Buffalo; a District Passenger Agent of the Oil City District, with office at Pittsburgh; a District Passenger Agent of the Williamsport District, with office at Williamsport; and

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a District Passenger Agent of the Reading District, with office at Reading.

21. The District Passenger Agents shall, under the direction of the Assistant General Passenger Agent in charge of through passenger traffic, be charged with the solicitation and development of through passenger business in competition with other lines, and shall perform such other duties as may be assigned to them by him, or the General Passenger Agent, consulting freely with the Superintendents within their districts.

The general activities of the passenger department as a whole are enumerated in stating the subjects over which the Traffic Manager is given jurisdiction. The Traffic Manager is assisted by the General Passenger Agent and the General Baggage Agent. The first duties of these officers, aided by their subordinates, are to make the fares, to make such arrangements as will further the use by the public of the facilities provided and operated by the " transportation " or operating department, and to negotiate and make such agreements " with other railroad or transportation companies or individuals " as the passenger traffic may require. The various schedules of fares are published under the signatures of the General Manager, the Passenger Traffic Manager, and the General Passenger Agent. The General Manager, as the head of the operating department, is responsible for the movement of the trains, and thus must approve of the " time table "; the Traffic Manager, subject to the Vice President above him, is the one to decide what trains are needed and what the rate policy shall be, but he must rely largely upon the more detailed knowledge possessed by the General Passenger Agent, under whom the schedules of fares are worked out and through whom information concerning traffic needs is derived.

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The General Passenger Agent has two other general duties, and there is a separate class of subordinate officials to aid in the performance of each task:

(1) In "the solicitation and care of the through and competitive" traffic the General Passenger Agent is aided by the Assistant General Passenger Agent in charge of through traffic and by the District Passenger Agents, there being New York, Pittsburgh, Philadelphia, Boston, Washington, Baltimore, Buffalo, Oil City, Williamsport, and Reading districts. The solicitation of business from Europe is in charge of a European agent in Liverpool and a passenger agent in Southampton, England.

(2) In "the development and accommodation of local traffic" the General Passenger Agent is aided by the Assistant General Passenger Agent in charge of local traffic and the Division Ticket Agents, the territory served by the Pennsylvania Railroad being subdivided into the Eastern Pennsylvania, Western Pennsylvania, New Jersey, Erie, Allegheny, and the Buffalo and Chautauqua divisions. These Division Ticket Agents, while subordinate to the Assistant General Passenger Agent, are required to consult with their respective general superintendents, the officers who have charge of the operation of the trains.

A still closer view of the organization and activities of the passenger department of the Pennsylvania Railroad Company may be gotten by noting the work of the seven subdepartments in charge, respectively, of rates and divisions, foreign and local stocks of tickets, redemption of tickets, baggage, advertising, special excursions, and conventions and personally conducted tours.

The detailed and highly technical work of making schedules of fares and of preparing and issuing tickets is done in the rates and division department, whose duties include

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“ the construction of rates, not only on the Pennsylvania system, but to all parts of the country and, in fact, around the world; the compilation of rate sheets, or tariffs, which are furnished to ticket agents for their guidance in selling tickets, and interchanged with connecting lines; ticket representation, or the preparation of tickets to all points to which rates are quoted, and the division of rates, which means the apportioning to each line over which a ticket is sold its proper share of the rate.”¹

The officials of the division of foreign and local stocks of tickets are “ the storekeepers and distributors of tickets. . . . The chart of forms, for the use of ticket agents, is compiled in this department, and shows in detail the roads over which each form or style of foreign ticket reads.

“ The redemption of tickets is combined with the office of cashier of the passenger department. Through this bureau the value of unused or partially used tickets is refunded to the purchaser, claims adjusted, and complaints investigated.”

The work of the baggage department, in charge of the General Baggage Agent and Assistant General Baggage Agent, is adequately defined in the above quotation from the “ By-laws ” of the Pennsylvania Railroad Company.

“ The advertising agent is charged with the preparation and publication of time tables, books, pamphlets, and special advertising matter of every description, ranging from the panoramic view to the ubiquitous flyer. He negotiates and records advertising contracts with all newspapers and other periodicals and furnishes the necessary matter to publications for insertion. He also prepares the bills for

¹ This and the following quotations are from an address on “The Development of Passenger Business” made in 1905 by George W. Boyd, General Passenger Agent of the Pennsylvania Railroad Company.

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payment, and he is the direct representative of the passenger department in all its relations with the public press throughout the country."

The officials having supervision of the special excursion and convention business make transportation arrangements annually for hundreds of gatherings, little and big, that meet within and beyond the territory of the Pennsylvania Railroad; they "bulletin all conventions, issue proper instructions to agents all over the system, and see that all the company's representatives and connections are equipped with the necessary data to encourage as large an attendance as possible." The special excursion business is quite as important as convention traffic, and experience shows that it can be largely developed. The present demands upon the Pennsylvania Railroad facilities are such that it is necessary to confine special excursions to the seasons when travel is relatively light.

The Pennsylvania Railroad Company organized its "Personally Conducted Tourist Bureau" in 1887 "for the purpose of diverting this class of traffic from the hands of private firms and middlemen into the hands of the railroad company itself." The bureau has been most successful, both in developing new traffic and in advertising the merits of the company's entire passenger service.

This summary statement of the activities of the passenger department of the Pennsylvania Railroad Company covers the main features of the passenger organization of any large railway. Eastern, southern, and western roads each have their own special traffic conditions and possibilities, and differences in the details of the organization of the passenger department activities indicate the methods by which the demands of the traveling public are met or their wishes are catered to. It would, however, be neither practicable

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nor profitable to point out the distinguishing features of the passenger traffic organization of numerous other companies, although any one of those companies might properly be considered as representative as the one described in this chapter.

REFERENCES

1. *The Official Guide of the Railways and Steam Navigation Lines of the United States*, published monthly, National Railway Publication Company, New York. (Each railway company inserts in the *Guide* a list of the higher officers of the executive, traffic, operating, and other departments of its organization.)

2. By-Laws and Organization for Conducting the Business of the Pennsylvania Railroad Company, 1910.

3. George W. Boyd. "The Development of Passenger Business." (An address made in 1905 by the General Passenger Agent of the Pennsylvania Railroad to a class of employees of the Company.)

CHAPTER XXVII

PASSENGER TICKETS

Scope of subject—Early forms of tickets—The essentials of a ticket—Classification and types of tickets, described and illustrated with forms—Issuing and distribution of tickets, forms used—Ticket brokerage—References.

CORRESPONDING to the shipping papers used in the freight services are the passenger tickets used in the passenger service. A single paper in the latter takes the place of the many employed in the former. Its description, however, is scarcely less complex, because of the many types of tickets issued to meet particular needs. The essential features of the subject may be presented by considering (1) Early Practices, (2) The Essentials of a Ticket, (3) Classification and Types of Tickets, (4) The Issuing and Distribution of Tickets, and (5) Ticket Brokerage.

I. EARLY PRACTICES

When railways were first constructed, the use of passenger tickets was not a common practice. Some railways adopted the old stage-coach practice of making out *passenger waybills*, much the same as they did for parcels or freight. The accompanying reproduction, for instance, represents a passenger waybill issued in 1839 by the Madison & Indianapolis Railroad, now part of the Pennsylvania system. The names of the passengers, number of seats

TRANSPORTATION LINE, RAIL ROAD---FROM MADISON TO VERNON.

TRIP NO. 1 MADISON, 1859

PASSENGERS' NAMES.	No. of Seats	Extra Baggage	WHERE FROM.	WHERE TO.	FARE PAID. Dolls. Cts.
Horace Dugby	1	—	Hodgkine	Deepcut	45
John R. White	1	—	do	Graham	65
James H. Smith	2	—	do	Graham	1 30
Thomas Humphrey	1	—	do	Wirt	20
B. F. Temple	1	—	do	Middlefoot	30
T. L. Jones	1	—	do	Graham	45
James S. Tilton	1	15	do	Deepcut	45
John Brown	3	—	Wirt	Graham	1 20
John Brown	1	—	Middlefoot	Deepcut	10
Thos. Calverley	2	25	do	Graham	55
Ben. Williams	1	—	Big Creek	Deepcut	10
<hr/>					
Return trip					
Thomas Humphrey	1	—	Wirt	Hodgkine	20
John R. White	1	—	Graham	do	65
James Calverley	1	20	do	do	65
James S. Tilton	1	—	Deepcut	do	45
Horace Dugby	1	—	do	do	45
Ben. Williams	1	—	Deepcut	Big Creek	10
William George	1	—	Wirt	Hodgkine	40
James Fresh	1	—	do	do	40
Wm. S. King	1	—	do	do	40
John R. White	1	—	Deepcut	do	15

FORM 1.

PASSENGER TICKETS

purchased, point of starting and destination, and fare paid were entered in the waybill at the local stations, and the train conductor later checked off the individual passengers (Form 1). The fares were paid to the local agent, who issued an ordinary receipt, signed by himself. The accompanying reproduction represents a receipt issued by the old Pennsylvania Packet Line in 1838 (Form 2).

PENNSYLVANIA PACKET LINE.	No. <i>173</i>	PENNSYLVANIA PACKET LINE. }	
		HARRISBURG, Oct. 18 th 1838 }	
	Received of Mr. <i>Swan</i>		
	<i>Three</i>	Dollars	Cents in full
For	<i>one</i>	Passages to <i>Levittown</i>	
	lbs Extra Baggage.		
	\$ <i>1.00</i>		
	Each passenger entitled to 50 lbs Baggage. All Baggage at the Owner's risk.		
	<i>J. B. Buffington</i>		

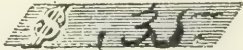
FORM 2.

While this cumbersome method of waybills and receipts prevailed on some lines, others issued crude local tickets. They varied everywhere, from those containing merely the agent's signature to those indicating destination and class of service.

The passenger waybills were soon abandoned, but for some time the receipt was retained on some of the leading railways. As seen in the accompanying sample copy, it still existed on the Pennsylvania Railroad as late as 1853. By this time, however, it had been changed so as somewhat to resemble a crude skeleton ticket. Each one was numbered, and the names of the point of starting and destination were written in by the agent. It was still signed by the local agent, but the name of the passenger was omitted (Form 3).

THE PASSENGER SERVICE

Gradually the printed ticket superseded the receipt. It was then that the ticket became of the nature of a contract signed by a central officer. The tickets, however, were local

No. 129 Aug 17 1853	
Pennsylvania Railroad Co. received	
 35	for One Seat
from	Pennsylv to Miller to
G. D. Thomas Agent.	

FORM 3.

and merely entitled the holder to transportation to the end of the issuing line. In making long journeys, it was necessary for the passenger to transfer at the end of each line and to purchase a new ticket. The inconvenience of this was the principal reason for the formation of the American Association of General Passenger and Ticket Agents in 1855. This association developed the interline coupon ticketing system, which is now almost universal on American railways. Under it, a through ticket can be made out at almost any station. Each coupon represents a definite amount of transportation, and the total fare is divided among all the interested railways according to agreed percentages. The system was gradually extended, as it necessitated an agreement among the various railways involved as to interline accounts and equitable division of fares.

II. THE ESSENTIALS OF A TICKET

The passenger ticket as at present sold by American railways contains various so-called *contract provisions*, which

PASSENGER TICKETS

constitute one of its essentials. These provisions do not, however, make the ticket an absolute contract between passenger and carrier. Legally the ticket still is rather in the nature of a voucher or receipt to show the payment of fares. Yet such provisions as are contained in the ticket "contract" are binding, except when inconsistent with the law or a more special agreement between the purchaser and carrier. The essential point of division is that the ticket is a part, but not the whole, of the contract existing between the passenger and railway.

The contract conditions contained in a ticket vary from those of the simple local card ticket to those of the interline or foreign coupon ticket. The former frequently states merely the class of service contracted for, liability for baggage, stations between which transportation is to be furnished, and the period during which the contract holds. When no limit is mentioned on the ticket it is understood to be good until used. Interline (or foreign) coupon tickets, covering passage over more than one road, invariably contain a contract showing starting point and destination of the ticket and a detailed statement of the conditions or privileges accorded the passenger under the contract. In addition, a separate coupon is attached to the contract for each line over which the ticket reads. The ticket may be transferable or nontransferable, limited or unlimited as to the time during which it is to be used, continuous or open to certain specified stop-over privileges. Usually, also, such a contract specifies the class of service, limits the baggage liability to \$100, declares its provisions void in case of any alteration or erasure, and specifies that it will not be received unless officially stamped and dated, and that coupons may be detached only by the conductor.

A second essential is the *consecutive number* which the

THE PASSENGER SERVICE

ticket bears. In the case of all interline (or foreign), and some local tickets as well, the third requisite is the *form number*, which serves as an index of the route over which the ticket is valid. Thus, forms of the series " 5,000 " issued by the Pennsylvania Railroad call for passage via Baltimore, Delmar, Hagerstown, and Harrisburg to points on connecting lines, while " 8,000 " forms apply via Washington to points on the Atlantic Coast Line, Southern Railway, Seaboard Air Line, Chesapeake & Ohio Railway, and connecting lines. The form number is purely an index number for ready reference purposes. In all cases where it is necessary to specify the route it is printed in the contract or indicated by the reading of the coupon.

The fourth necessary stipulation is the *destination*, which may be printed, written, stamped, punched, or otherwise indicated. This, together with the consecutive number and form number, describes and distinguishes each separate ticket to the passenger traffic department, local ticket agent, conductor, and accounting officials, and reduces to a minimum all error, fraud, and confusion.

The fifth and last essential of the ticket is the *signature of the responsible official* at the head of the passenger department. In the case of local card tickets this feature is sometimes omitted and the tickets printed under the title of the issuing company, without signature.

III. CLASSIFICATION AND TYPES OF TICKETS

Passenger tickets are local and interline (or foreign). The local card tickets call for transportation between points on the same road, while the interline (or foreign) tickets read from a point on one line to a destination on some other. This classification signifies types of tickets—viz., the single-card form, or local, and the coupon form, or foreign. On

PASSENGER TICKETS

large systems, such as the Pennsylvania Railroad, interdivisional tickets constitute a third class, reading from a point on one grand division to a point on another grand division. This classification, however, aims principally to facilitate accounting, and does not signify distinct types of tickets. The long-standing practice of referring to interline (or foreign) tickets as coupon tickets is no longer accurate, as frequently local and interdivisional tickets also contain detachable coupons.

(1) The best-known group includes all the *regular first-class local tickets*, of which there are many forms. The




FORM 4.

single-trip card (Form 4) is the simplest, and is the well-known cardboard, containing merely the essentials of a ticket in the briefest form. The destination is printed, and the contract usually calls for a first-class passage. The duration of the ticket's validity may be limited or unlimited, and the fare will vary accordingly. The consecutive number is always present, and the local "form" is ordinarily stated, but may be omitted, in which case the destination is the indication of the route. As the ticket is sold for a full one-way fare, it is nearly always transferable, and entitles the holder to ride in a first-class coach. The ticket also gives the holder the privilege, upon the payment of

THE PASSENGER SERVICE

the extra fare, of traveling in sleeping, parlor, or extra-fare trains.

A *local skeleton ticket* (Forms 5, 6, and 7), also commonly referred to as a blank ticket, contains blank spaces in which the agent writes the destination of the passenger. Local *simplex tickets* are those in which various devices are

<p>PENNSYLVANIA RAILROAD CO. (Western Pennsylvania Division)</p> <p>STUB MEMORANDUM of FIRST CLASS LIMITED TICKET</p> <hr/> <p style="text-align: center;">NOT GOOD FOR PASSAGE.</p> <hr/> <p>To _____</p> <p>Via _____</p> <p style="text-align: center;">NOT GOOD TO STOP OFF.</p>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 10%; text-align: center;">8</td> <td style="width: 10%; text-align: center;">7</td> <td style="width: 10%; text-align: center;">10</td> <td style="width: 10%; text-align: center;">6</td> <td style="width: 10%; text-align: center;">5</td> </tr> <tr> <td colspan="5" style="text-align: center;">  </td> </tr> <tr> <td style="text-align: center;">11</td> <td colspan="3" style="text-align: center;">(Western Pennsylvania Division)</td> <td style="text-align: center;">14</td> </tr> <tr> <td colspan="5" style="text-align: center;"> FIRST CLASS LIMITED TICKET. Good for ONE FIRST CLASS Passage On date of issue as stamped on back, or next succeeding date. Liability for Baggage Limited to One Hundred Dollars. </td> </tr> <tr> <td style="text-align: center;">19</td> <td colspan="3" style="text-align: center;"> From _____ To _____ NOT GOOD TO STOP OFF. </td> <td style="text-align: center;">15</td> </tr> <tr> <td colspan="5" style="text-align: center;">Via _____</td> </tr> <tr> <td style="text-align: center;">4</td> <td style="text-align: center;">3</td> <td style="text-align: center;">9</td> <td style="text-align: center;">2</td> <td style="text-align: center;">1</td> </tr> </table>	8	7	10	6	5						11	(Western Pennsylvania Division)			14	FIRST CLASS LIMITED TICKET. Good for ONE FIRST CLASS Passage On date of issue as stamped on back, or next succeeding date. Liability for Baggage Limited to One Hundred Dollars.					19	From _____ To _____ NOT GOOD TO STOP OFF.			15	Via _____					4	3	9	2	1
8	7	10	6	5																																
																																				
11	(Western Pennsylvania Division)			14																																
FIRST CLASS LIMITED TICKET. Good for ONE FIRST CLASS Passage On date of issue as stamped on back, or next succeeding date. Liability for Baggage Limited to One Hundred Dollars.																																				
19	From _____ To _____ NOT GOOD TO STOP OFF.			15																																
Via _____																																				
4	3	9	2	1																																

FORM 5.

employed to indicate destination, route, or limitations. Many destinations and various routes may be printed on the margin of the ticket and provision made for the agent to punch or cut it in a prescribed way at the time of purchase. Their purpose, as well as that of the skeleton ticket, is to minimize the expense of printing complete tickets for each destination and route.



The regular *local round-trip ticket* (Form 8) usually consists of a contract, which also forms the return coupon, and attached to it is a going coupon. This ticket entitles the purchaser to the usual first-class accommodations, but, since it is generally sold at a reduced fare, it is usually limited to the time within which it may be used.

(2) Regular *first-class interline (or foreign) tickets* (Form 9) constitute a second group as distinguished from local and interdivisional tickets. As in the case of regular first-class local tickets, they may be single trip, simplex or

	8	7	10	6	6
	PENNSYLVANIA RAILROAD COMPANY				
	SIX DAY EXCURSION TICKET				
	11				14
				
	12	70			15
				
Via					
Subject to conditions named in contract,					
and valid if detached therefrom.					
13					16
4	3	9	2	1	

PASSENGER TICKETS

other patent form, skeleton, or round trip. The simple one-way card, however, is not used for foreign or interline business, as it is necessary that each line performing service should receive an equivalent in the form of a coupon, which is its voucher for service performed. The contract provisions contain specifications regarding the time limitations,

Pennsylvania Railroad Co. <small>(Eastern Pennsylvania Division)</small> SPECIAL ONE-DAY EXCURSION TICKET CUMBERLAND, MD. TO BEDFORD, PA. AND RETURN.	8	7	10	6	6	8	7	10	6	8	
	 <small>(Eastern Pennsylvania Division)</small> 11 SPECIAL ONE-DAY EXCURSION TICKET 14 RETURN COUPON. <small>In consideration of the reduced rate at which this ticket is sold the purchaser agrees to it subject to the conditions that it will be good</small> Only on date of issue as stamped on back BEDFORD, PA. TO CUMBERLAND, MD. <small>Not good to stop off.</small>										
2192	4	3	9	2	 <small>Passenger Traffic Manager</small>		4	3	9	2	1

FORM 8.

the trains to be used, stop-over provisions, a baggage liability clause, official stamp and date, class of service, regulations as to detachment of coupons, and a prohibition of alteration or erasure of contract.

There are three devices peculiar to interline tickets—the feeder, paster, and extension forms. The feeder (Form 10) is generally used from a small station in connection with a printed destination ticket from the larger station. The feeder form is an entirely separate ticket, valid for passage only when issued as above. The *paster* (Form 11) form is on the same principle as the feeder, except that it consists only of additional coupons, which are pasted on the ticket in connection with which it is issued. An agent at any point between, for instance, St. Paul and New York, may be furnished with a stock of forms reading from St. Paul to Seattle. In selling these tickets he attaches the so-called paster to cover the intermediate roads. The *exten-*

THE PASSENGER SERVICE

sion form (Form 12), the reverse of the feeder, is a separate ticket, reading from an important junction point to local stations beyond. For example, an agent will issue a printed ticket through from New York to St. Louis, issuing in connection therewith an extension form, reading from St. Louis to some unimportant point beyond. The purpose of these devices is to prevent a multiplicity of forms.

Extra fares (Forms 13 and 14) are charged for speed and superior accommodations on what are usually called limited trains, or trains carrying a specified number of cars. The companies usually publish a basis upon which refunds are made to the passenger when the limited train fails to make its schedule time, the amount of refund depending upon the delay.

The courts have decided that a clause calling for continuous passage is valid, and that, in case the ticket is silent on this point, a continuous ¹ passage is understood. Stop-over privileges are permissible only when expressly stipulated in the contract or by a ruling of the carrier or passenger association. It has also been held ² that, unless there is a definite stipulation to the contrary either in the contract or in a notice given at the time of purchase, the ticket is good until used. Limited ³ tickets, however, may be issued. All tickets, without a specific clause ⁴ to the contrary in the ticket or contract, are transferable.

(3) *Excursion tickets* constitute a third extensive group. They are round-trip tickets, sold at a reduced rate, and subject to all the limitations placed in the contract. In addi-

¹ *Drew vs. Cent. Pac. R. Co.*, 51 Cal. 425; *Halton vs. R. R. Co.*, 39 Ohio St. 375.

² *P. R. R. vs. Spicker*, 105 Pa. St. 142.

³ *Hill vs. Syracuse R. R. Co.*, 63 N. Y. 101.

⁴ *Hudson vs. Kansas Pac. R. R. Co.*, 3 McCrary (U. S. C. C.) 249.

COUNCIL BLUFFS, IA.

O

P. F. 7

ISSUED IN CONNECTION WITH

Form..... No.....

NOTE.—To be sold only in connection with extension ticket reading from Council Bluffs, Ia.

(MARGIN FOR PASTING.)



NORTH-WESTERN LINE

One First Class Passage

Chicago to Council Bluffs

Subject to Conditions of Contract

THIS COUPON IS NOT GOOD IF DETACHED

COUNCIL BLUFFS, IA.

P. F. 7



PARMALEE'S OMNIBUS LINE

Good for the Transfer of One Passenger and Ordinary Baggage

From Pennsylvania Line Station

To Station of the North-Western Line

Subject to Conditions of Contract

THIS COUPON IS NOT GOOD IF DETACHED

COUNCIL BLUFFS, IA.

P. F. 7



PENNSYLVANIA LINE

One First Class Passage

Pittsburgh to Chicago

Subject to Conditions of Contract

THIS COUPON IS NOT GOOD IF DETACHED

COUNCIL BLUFFS, IA.

P. F. 7



(VIA SHORT LINE ONLY.)

One First Class Passage

To PITTSBURGH

Subject to Conditions of Contract

THIS COUPON IS NOT GOOD IF DETACHED

COUNCIL BLUFFS, IA.

P. F. 7

FORM 11.

33

YEAR LIMIT EXPIRES 1922

CHICAGO

TO

O

Via Chicago, Milwaukee & St. Paul Ry.

BX 11

ISSUED IN CONNECTION WITH

Form..... No.....

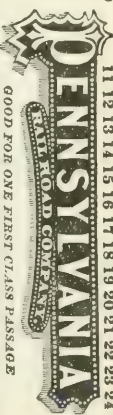
NOTE.—Agents when using this ticket will be careful to fill in destination plainly and distinctly with ink, and always insert name of STATE in which point is located, and if sold as limited, cut the limit from dates printed around margin of contract, and also cut the stub and coupon with "L" punch.

It must be issued only to points on Chicago, Milwaukee & St. Paul Railway.

Agents can also use this ticket as Second Class by limiting name and stamping or writing with ink the words "Second Class" across the face of contract and attached coupon.

JAN.	7 8 9 10
FEB.	4 5 6
MAR.	1 2 3
APR.	
MAY	
JUNE	
JULY	
AUG.	
SEPT.	
OCT.	
NOV.	
DEC.	
1909	
1910	
1911	
1912	
1913	
1914	
1915	
1916	
1917	
1918	
1919	
1920	
1921	
1922	

TO STATION ON CHICAGO, MILWAUKEE & ST. PAUL RY.



28 29 30 31



CHICAGO MILWAUKEE & ST. PAUL RY.

One First Class Passage

CHICAGO to

Subject to Conditions of Contract
THIS COUPON IS NOT GOOD IF DETACHED

BX 11

FORM 12.

PASSENGER TICKETS

tion to the ordinary contract provisions of the coupon ticket, clauses are usually inserted to make them nontransferable, to limit the time during which they are valid, and to confine them to certain trains or to a specified class of service. It has been decided by the courts that the clause making these tickets nontransferable, because of the special reduction, is legally valid,¹ and also that their life may be limited.²

Excursion tickets may be issued in any of the usual forms—card, complex, simplex, feeder, etc.—and the special types issued are legion. *Tourist tickets* are those calling for the tourist service provided by some of the railways. The equipment used for tourist traffic consists of combination, observation, and sleeping coaches, more lightly constructed and less elegant than the usual Pullman sleepers or parlor cars, but sufficiently comfortable and convenient for a large group of persons who would not perhaps travel at the full fare.

Some lines, notably the Pennsylvania Railroad, provide personally conducted tours.³ The tourists are given a high-grade service and are in the personal charge of a trained tourist agent. Coupons are included in these tickets covering railroad transportation, Pullman accommodations, hotels, meals, carriage drives, and similar features.

Special excursion tickets (Form 15) are those issued at reduced fares for large conventions, fairs, and other gatherings. The word "special" usually indicates a further reduction from the regular local or excursion fares. The term is also applied when excursion tickets are sold for a special occasion, when no round-trip tickets are sold under

¹ Del., etc., R. R. Co. *vs.* Frank, 110 Fed. 689.

² Hill *vs.* Syracuse R. R. Co., 63 N. Y. 101.

³ See Chap. XXXIII, Development of the Passenger Traffic, p. 188.

THE PASSENGER SERVICE

ordinary conditions. They may be printed for the occasion or indorsement may be made on the face or back of

<p>Agent of the PENNSYLVANIA RAILROAD COMPANY at starting point, will stamp in space below.</p>	<p>Agent of the New York Central & Hudson River R. R. at Niagara Falls, N.Y., will stamp in space below.</p>
<p>In compliance with my contract with the Pennsylvania Railroad Company, and lines over which this ticket reads, I hereby subscribe my name as the original purchaser of this ticket.</p>	
<div style="border: 1px solid black; width: 150px; height: 100px; margin: 0 auto;"></div>	<div style="border: 1px solid black; width: 150px; height: 100px; margin: 0 auto;"></div>
<p>WITNESS:</p>	
<p>_____ Agent N. Y. C. & H. R. R. R.</p>	
<p><i>Dated</i> _____ 19__</p>	

BACK OF FORM 15.

the ordinary ticket. Resort excursion tickets grant reduced fares to a seaside or other pleasure resort. The term local

STUB OF CERTIFICATE.

(To be retained by Agent.)

Date _____
 Issued to _____
 Address _____
 Account _____
 Form _____ No. _____
 Destination _____
 Route _____
 Agent _____

A 140345

SPECIAL NOTICE.

THIS CERTIFICATE IS INVALID under agreement between the railroad companies and the organization for whose meeting reduced fares have been authorized—

- (1) If less than the agreed minimum number of persons holding regularly issued certificates of the standard form are in attendance at the meeting.
- (2) If going ticket is purchased on any other dates than authorized by the issuing certificates for the meeting.
- (3) If issued at a station from which the reduced fare is not authorized.
- (4) If issued in connection with children's half fare tickets, clerical, charity, or employee's tickets, and other forms of transportation than regular first-class fare.
- (5) Unless presented to such ticket agents, railroad ticket agents, on the agreed date. Addres the ticket and for return ticket, if sold, on the agreed date.
- (6) Unless the fare is paid for at the meeting showing the reduced fare and the agreed return date shown on Validation Pastor.
- (7) Unless the fare is paid for at the meeting and return ticket purchased not later than the agreed return date shown on Validation Pastor.

THIS CERTIFICATE IS NON-TRANSFERABLE and will not be honored for return ticket if presented by any other person than the purchaser of the going ticket whose signature is written hereon, and the reduced fare return ticket secured on this certificate is also not transferable.

Issued by the TRUNK LINE ASSOCIATION.

A 140345

143 Liberty Street, New York.

Ch. Kunkin
 Secretary.

THIS CERTIFICATE SHOULD BE PRESENTED TO THE ENDORSING OFFICER AT THE PLACE OF MEETING IMMEDIATELY UPON ARRIVAL.

Spaces below (except name of purchaser) to be filled in by agent selling GOING ticket.

3 Certify that the person whose signature (written in my presence) appears below has purchased this day purchased at full tariff fare (\$) one first-class ticket:

SEAL OF SELLING AGENT

Form _____
 Number _____
 From _____
 To _____
 Via (air, rail, or water) _____
 Junction Points _____
 WHEN A FARE HAS MORE THAN ONE POINT

Signature of Purchaser, SIGN WITH INK.

Signature of Agent selling Going Ticket

Spaces below to be filled in at the meeting by endorsing officer of organization.

Spaces below (except name of purchaser) to be filled in by agent selling **RETURN** ticket.

I hereby certify to the Special Agent of the railroads that the agreed minimum number of persons holding regularly issued certificates of the standard form have attended the meeting of

(Name of Society or Convention)

held at _____ (Place of Meeting) on _____ (Date), 19 _____

and that the purchaser of the going ticket whose signature is written on back hereof has been in attendance at said meeting and is entitled, subject to conditions of **Special Notice** stated herein, to a continuous trip return ticket via same route as traveled on the going journey at the reduced fare authorized for said meeting upon presentation of this certificate with Validation Paster attached at a regular ticket office of the initial railroad at the place of meeting not later than the agreed final return date.

THIS CERTIFICATE WILL NOT BE GOOD FOR PURCHASE OF RETURN TICKET unless there is attached to it a **VALIDATION PASTER** signed by the Special Agent and showing the reduced fare and final return date.

Signature (in ink) of person authorized by organization to endorse certificates.

RECEIVED ONE FIRST-CLASS SPECIAL RETURN TICKET

STAMP OF AGENT ISSUING RETURN TICKET.

Form _____
Number _____
From _____
To _____

Purchaser's Signature (IN INK).

*I have this day issued to the person whose signature (written in my presence) appears above, one first-class continuous trip ticket via the route traveled on going journey, and the word **DELEGATE** has been placed on face of contract and each coupon.*

Signature of Agent Selling Return Ticket.

THIS CERTIFICATE MUST BE PRESENTED AT TICKET OFFICE AT LEAST THIRTY MINUTES BEFORE DEPARTURE OF TRAIN.

BACK OF FORM 17.

PASSENGER TICKETS

excursion tickets is generally applied to tickets regularly on sale between points on the same line, and sold with varying limits.

Summer and winter excursion tickets (Form 16) are valid only during limited seasons, and aim to increase pleasure travel to summer and winter resorts.

Train excursion tickets are furnished by the train conductor to persons boarding train from nonticket stations or at other stations when the ticket office is closed. This form is usually a duplex form, one portion being retained by the conductor as his receipt for fare collected and the other is furnished to passenger for his return journey.

In case of small conventions or meetings the round-trip special excursion ticket is sometimes displaced by the *certificate plan*. A one-way ticket is purchased at the regular fare, and the buyer of the ticket secures from the agent a *stamped certificate* (Form 17), showing form, number, destination, and fare paid. When the certificate is presented to the railroad representative at the convention, who validates it, it then becomes the passenger's voucher entitling him to purchase a reduced-fare ticket for his return journey. The reduction accorded for the return trip is usually two fifths of the fare, and the ticket issued returning is faced "Delegate." When the certificate plan is authorized for a convention the passenger thus secures a fare and three fifths for the round trip.

Party tickets (Form 18) are issued to groups of ten or more who wish to travel together. For use locally, a blank form of ticket is used, the number of persons covered being written therein, and, in addition, a special coupon is used, upon the face of which is a series of numbers, the one checked by the agent indicating the number of persons entitled to the party fare. The tickets may be one-way or

THE PASSENGER SERVICE


round-trip, and it has been judicially determined that party fares may not be refused to one group and granted to another, but must be open to the general public.

(4) A fourth group includes the various regular *reduced-fare tickets*.

Second-class tickets (Form 19) are sold at something less than regular first-class tickets, but their contract limits the passenger to a stipulated service. Separate printed forms may be issued, regular first-class tickets may be indorsed "Second-class," or a patent form of ticket, with spaces to be punched by the agent, may be used. The service to which the holder is entitled varies on different roads. Some railways require the passenger to ride in the smoking cars, while some western roads operate special second-class trains or provide second-class cars. The courts have decided that a second-class ticket¹ in no way entitles the passenger to ride on trains limited to holders of first-class tickets.

Commutation tickets are issued to meet the demands of suburban traffic. They may be in book (Form 20), folder, or strip-ticket (Form 21) form, and are good for a stated number of rides between designated stations, the conductor cutting out the rides with a punch or detaching the separate coupons. The variety of distinct types used is very extensive. They are individual (Forms 22, 23, 24, and 25), bearer, family (Form 26), and business firm (Form 27) commutation tickets. They may be good for ten, twenty, twenty-five, thirty, fifty, sixty, one hundred, or one hundred and eighty rides. They may be valid from one month to one year, as stipulated in the contract. Some must be signed by the owner upon presentation to the conductor;

¹ N. Y., etc., R. Co. *vs.* Bennett, 50 Fed. 196.


Pennsylvania
 RAILROAD COMPANY
 THIS TICKET
 WILL ENTITLE
 TO 180 RIDES BETWEEN
PHILADELPHIA.
 AND
During the three months ending
Upon the conditions named on back
hereof which must be signed by
purchaser before ticket is valid
for passage.
No 19830 *Wood*
AMERICAN EXPRESS TRAVEL SERVICE

172	173	174	175	176	177	178	179	180
163	164	165	166	167	168	169	170	171
154	155	156	157	158	159	160	161	162
145	146	147	148	149	150	151	152	153
136	137	138	139	140	141	142	143	144
127	128	129	130	131	132	133	134	135
118	119	120	121	122	123	124	125	126
109	110	111	112	113	114	115	116	117
100	101	102	103	104	105	106	107	108
91	92	93	94	95	96	97	98	99
82	83	84	85	86	87	88	89	90
73	74	75	76	77	78	79	80	81
64	65	66	67	68	69	70	71	72
55	56	57	58	59	60	61	62	63
46	47	48	49	50	51	52	53	54
37	38	39	40	41	42	43	44	45
28	29	30	31	32	33	34	35	36
19	20	21	22	23	24	25	26	27
10	11	12	13	14	15	16	17	18
1	2	3	4	5	6	7	8	9

THIS COUPON IN CONNECTION WITH
180 Trip Quarterly Ticket No. 19830
 IS GOOD FOR THE FIRST TRIP BETWEEN
PHILADELPHIA.
 AND
 UPON CANCELLATION OF THE FIRST NUMERICAL PUNCH MARK

CONTRACT.

In consideration of the reduced rate at which this ticket is sold, I agree that its use shall be subject to the following conditions:

1st. That it will be forfeited if presented by any other person than myself.

2d. That it is good for passage only during the period designated on its face, on such trains as are advertised to stop regularly at the stations named thereon, that it conveys no stop-over privileges, and is not good for passage on LIMITED EXPRESS TRAINS on which extra fare is required.

3d. That it is not good for passage between any of the stations east of and including Fifty-second Street where fares or tickets are collected by Gate-men, except as a part of the continuous ride authorized by this ticket.

4th. That it is not good for a second ride unless the attached coupon has been surrendered to Conductor, and the number (1) for initial ride cancelled from ticket by him when coupon is lifted.

5th. That the right of the Company is conceded to change the time of arrival or departure of its trains, or to diminish their number at its option.

6th. That it conveys no privilege to transport goods or express matter.

7th. That I have no claim for rebate on account of the non-use of the ticket from any cause.

8th. That it is to be presented to Conductor upon each trip for proper cancellation, and is to be surrendered to him on the last trip taken during the period for which it is issued.

9th. That the privilege of subsequent commutation will be forfeited by any violation of these conditions.




FORM 20.

FORM 20, REVERSE SIDE.

THE PASSENGER SERVICE

others must be accompanied by a photograph of the purchaser.

Mileage tickets are issued at reduced fare to meet the need of the commercial or other habitual traveler. They

PACKAGE TICKET	8 7 10 6 5	10
	 (WESTERN PENNSYLVANIA DIVISION)	
	Good for One Continuous First Class Passage between	
	EAST LIBERTY AND WILKINSBURG	
	Void after One Year from Date of Issue.	
	4 3 9 2 1	
PACKAGE TICKET	8 7 10 6 5	9
	 (WESTERN PENNSYLVANIA DIVISION)	
	Good for One Continuous First Class Passage between	
	EAST LIBERTY AND WILKINSBURG	
	Void after One Year from Date of Issue.	
	4 3 9 2 1	
PACKAGE TICKET	8 7 10 6 5	1
	 (WESTERN PENNSYLVANIA DIVISION)	
	Good for One Continuous First Class Passage between	
	EAST LIBERTY AND WILKINSBURG	
	Void after One Year from Date of Issue.	
	4 3 9 2 1	

FORM 21.

may be in book or folder form, and contain coupons or some patent device whereby the mileage as used may be checked by the conductor. Roads in the East now sell 500- and 1,000-

PASSENGER TICKETS

mile tickets at two cents a mile that may be used by the bearer, no signature or identification of purchaser being

PENNSYLVANIA RAILROAD Co. (Western Pennsylvania Division)																																																																															
This Monthly School Ticket Entitles																																																																															
<i>M</i>																																																																															
TO FORTY-SIX CONTINUOUS RIDES BETWEEN																																																																															
A 4015 PITTSBURGH																																																																															
AND.....																																																																															
During.....																																																																															
<small>Subject to the Conditions on back, which must be signed before using.</small>																																																																															
No. 50 <i>Miss Wood</i> Passenger Traffic Manager.																																																																															
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<small>THIS COUPON IN CONNECTION WITH</small>															
46-Trip Monthly School Ticket No. 50															
<small>IS GOOD FOR THE FIRST TRIP BETWEEN</small>															
A 4015 PITTSBURGH															
AND.....															
UPON CANCELLATION OF THE FIRST NUMERICAL PUNCH MARK															
In Month of															
<small>Conductor must lift and return this immediately.</small>															

FORM 22.

PENNSYLVANIA RAILROAD Co. (Western Pennsylvania Division)																																																																															
This Monthly Ticket Entitles																																																																															
<i>M</i>																																																																															
TO FIFTY-FOUR CONTINUOUS RIDES BETWEEN																																																																															
A 4015																																																																															
AND.....																																																																															
During.....																																																																															
<small>Subject to the Conditions on back, which must be signed before using.</small>																																																																															
No. 50 <i>Miss Wood</i> Passenger Traffic Manager.																																																																															
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td colspan="2" style="width: 5%;">51</td> <td colspan="2" style="width: 5%;">52</td> <td colspan="8" style="width: 80%; text-align: center;">STAMP</td> <td colspan="2" style="width: 5%;">53</td> <td colspan="2" style="width: 5%;">54</td> </tr> <tr> <td colspan="2" style="text-align: center;">★</td> <td colspan="2" style="text-align: center;">★</td> <td colspan="8" style="text-align: center;">MONTHLY NUMERALS</td> <td colspan="2" style="text-align: center;">★</td> <td colspan="2" style="text-align: center;">★</td> </tr> <tr> <td colspan="2" style="text-align: center;">47</td> <td colspan="2" style="text-align: center;">48</td> <td colspan="8" style="text-align: center;">IN THIS SPACE</td> <td colspan="2" style="text-align: center;">49</td> <td colspan="2" style="text-align: center;">50</td> </tr> <tr> <td colspan="2" style="text-align: center;">★</td> <td colspan="2" style="text-align: center;">★</td> <td colspan="8"></td> <td colspan="2" style="text-align: center;">★</td> <td colspan="2" style="text-align: center;">★</td> </tr> </table>																51		52		STAMP								53		54		★		★		MONTHLY NUMERALS								★		★		47		48		IN THIS SPACE								49		50		★		★										★		★	
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★		★		MONTHLY NUMERALS								★		★																																																																	
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★	★	★	★	★	★	★	★	★	★																																																																						

<small>THIS COUPON IN CONNECTION WITH</small>															
54-Trip Monthly Ticket No. 50															
<small>IS GOOD FOR THE FIRST TRIP BETWEEN</small>															
A 4015															
AND.....															
UPON CANCELLATION OF THE FIRST NUMERICAL PUNCH MARK															
In Month of															
<small>Conductor must lift and return this immediately.</small>															

FORM 23.

required; but some railways still limit the use of mileage tickets to the purchaser, who must write his name upon the mileage taken up by a conductor. The signature and address are in many cases written on a mileage identification slip, which is sent in to the central office each time the

THE PASSENGER SERVICE

ticket is used. They usually call for 1,000 or 2,000 miles of travel, but western lines also sell 4,000-mile credentials, on which tickets are bought at the regular fares, and if within

PENNSYLVANIA RAILROAD Co. This Monthly Ticket entitles																			
<i>M</i> TO SIXTY CONTINUOUS RIDES BETWEEN																			
AND																			
During... Subject to the Conditions on back, which must be signed before using.																			
No. 799 <i>W. Wood</i> Passenger Traffic Manager.																			
57	58	STAMP MONTHLY NUMERALS IN THIS SPACE														59	60		
★	★															★	★	55	56
★	★															★	★	★	★
★	★															★	★	★	★
40	41	42	43	44	45	46	47	48											
★	★	★	★	★	★	★	★	★											
31	32	33	34	35	36	37	38	39											
★	★	★	★	★	★	★	★	★											
21	22	23	24	25	26	27	28	29	30										
★	★	★	★	★	★	★	★	★	★										
11	12	13	14	15	16	17	18	19	20										
★	★	★	★	★	★	★	★	★	★										
1	2	3	4	5	6	7	8	9	10										
★	★	★	★	★	★	★	★	★	★										

THIS COUPON IN CONNECTION WITH 60-Trip Monthly Ticket No. 799 IS GOOD FOR THE FIRST TRIP BETWEEN	
AND	
UPON CANCELLATION OF THE FIRST NUMERICAL PUNCH MARK In Month of _____ <small>Conductor must lift and return this immediately.</small>	

FORM 24.

JAN.	FEB.	MCH.	APR.	MAY	JUNE	JULY	AUG.	SEPT.	OCT.	NOV.	DEC.	1910	1911	1912	1913
Pennsylvania Railroad Co. (Western Transportation Division) This COMMUTATION Ticket entitles															
<i>M</i> TO 100 CONTINUOUS RIDES BETWEEN A 4016 PITTSBURGH															
AND															
Vold after Subject to the Conditions on back, which must be signed before using.															
No. 100 <i>W. Wood</i> Passenger Traffic Manager.															
91	92	93	94	95	96	97	98	99	100						
★	★	★	★	★	★	★	★	★	★						
81	82	83	84	85	86	87	88	89	90						
★	★	★	★	★	★	★	★	★	★						
71	72	73	74	75	76	77	78	79	80						
★	★	★	★	★	★	★	★	★	★						
61	62	63	64	65	66	67	68	69	70						
★	★	★	★	★	★	★	★	★	★						
51	52	53	54	55	56	57	58	59	60						
★	★	★	★	★	★	★	★	★	★						
41	42	43	44	45	46	47	48	49	50						
★	★	★	★	★	★	★	★	★	★						
31	32	33	34	35	36	37	38	39	40						
★	★	★	★	★	★	★	★	★	★						
21	22	23	24	25	26	27	28	29	30						
★	★	★	★	★	★	★	★	★	★						
11	12	13	14	15	16	17	18	19	20						
★	★	★	★	★	★	★	★	★	★						
1	2	3	4	5	6	7	8	9	10						
★	★	★	★	★	★	★	★	★	★						

THIS COUPON IN CONNECTION WITH 100 Ride Ticket No. 100 IS GOOD FOR THE FIRST TRIP BETWEEN	
AND	
UPON CANCELLATION OF THE FIRST NUMERICAL PUNCH MARK In Month of _____ <small>Conductor must lift and return this immediately.</small>	

FORM 25.

one year the purchaser has traveled 4,000 miles he receives a refund of fares to the basis of two cents per mile. Generally mileage tickets are issued to individuals, but some

PASSENGER TICKETS

lines issue them to families. Interchangeable mileage tickets are those which are valid over more than one line. Thus in Western Passenger Association territory 2,000-mile interchangeable tickets, good over nearly every line between Chicago, St. Louis, the Missouri River, and St. Paul, are

<div style="display: flex; justify-content: center; align-items: center;"> <div style="font-size: 2em; font-weight: bold; margin-right: 5px;">P</div> <div style="text-align: left;"> PENNSYLVANIA <small>RAILROAD COMPANY</small> <small>(Western Pennsylvania Division)</small> </div> </div>										
FIFTY TRIP FAMILY TICKET <i>Each uncancelled number on this ticket entitles</i>										
<i>M</i> <small>or a member of his or her immediate family (a family consists of husband, wife, sons and daughters who live with and are maintained or supported by the head of the family, as well as domestics employed in the household), to one first-class passage in either direction between</small>										
<div style="display: flex; justify-content: space-between;"> A 4015 PITTSBURGH </div>										
AND VOID AFTER <small>And is subject to conditions on back, which must be signed by purchaser before ticket is valid for passage.</small>										
<div style="display: flex; justify-content: space-between;"> No. 50 <div style="text-align: right;"> <small>Passenger Traffic Manager</small> </div> </div>										
41	42	43	44	45	46	47	48	49	50	
★	★	★	★	★	★	★	★	★	★	
31	32	33	34	35	36	37	38	39	40	
★	★	★	★	★	★	★	★	★	★	
21	22	23	24	25	26	27	28	29	30	
★	★	★	★	★	★	★	★	★	★	
11	12	13	14	15	16	17	18	19	20	
★	★	★	★	★	★	★	★	★	★	
1	2	3	4	5	6	7	8	9	10	
★	★	★	★	★	★	★	★	★	★	
<div style="display: flex; justify-content: space-between;"> <div> <small>This coupon in connection with</small> 50 Trip Family Ticket No. <small>Is good for the first trip between</small> <div style="display: flex; justify-content: space-between;"> A 4016 PITTSBURGH </div> </div> <div style="text-align: right;"> 50 <small>UPON CANCELLATION OF THE FIRST NUMERICAL PUNCH MARK</small> </div> </div>										

FORM 26.

<div style="display: flex; justify-content: center; align-items: center;"> <div style="font-size: 2em; font-weight: bold; margin-right: 5px;">P</div> <div style="text-align: left;"> PENNSYLVANIA <small>RAILROAD COMPANY</small> </div> </div>										
<div style="display: flex; justify-content: space-between;"> FIFTY TRIP 50 FIRM TICKET </div> <i>Each uncancelled number on this ticket entitles</i>										
<i>M</i> <i>M</i> OR <i>M</i> <small>who are members are employees of the firm of</small>										
<i>to one continuous passage in either direction between</i> <div style="text-align: center;">AND</div>										
VOID AFTER <small>and is subject to conditions on back which must be signed by each person before ticket is valid for passage</small>										
<div style="display: flex; justify-content: space-between;"> No. 2099 <div style="text-align: right;"> <small>Passenger Traffic Manager</small> </div> </div>										
41	42	43	44	45	46	47	48	49	50	
.	
31	32	33	34	35	36	37	38	39	40	
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21	22	23	24	25	26	27	28	29	30	
.	
11	12	13	14	15	16	17	18	19	20	
.	
1	2	3	4	5	6	7	8	9	10	
.	
<div style="display: flex; justify-content: space-between;"> <div> <small>THIS COUPON in connection with</small> <div style="display: flex; align-items: center;"> <div style="font-size: 1.5em; font-weight: bold; margin-right: 5px;">50</div> <div> TRIP FAMILY TICKET <small>IS GOOD FOR THE FIRST TRIP BETWEEN</small> </div> </div> </div> <div style="text-align: right;"> 2099 <small>UPON CANCELLATION OF THE FIRST NUMERICAL PUNCH MARK</small> </div> </div>										

FORM 27.

sold, a refund to the basis of two cents a mile being made if the purchaser has used all the mileage within one year.

THE PASSENGER SERVICE

In the East 1,000-mile interchangeable mileage tickets, valid on the Baltimore & Ohio, Buffalo & Susquehanna, Chesapeake & Ohio, Delaware, Lackawanna & Western, Erie, Lehigh Valley, and Pennsylvania, are sold at \$25, with a refund of \$5 if used according to contract, thereby according a two-cent-per-mile rate.

Colonist, homeseeker's and land tickets are issued periodically at low fares to enable the poor man and his family to reach their newly purchased or prospective farms. Such tickets are sold especially by the western and southern lines, and are usually single-trip, though occasionally round-trip tickets are issued to prospective buyers of land. Ordinarily this traffic is handled in special trains of day coaches, and often tourist sleeping cars are provided at a considerable reduction from the standard Pullman fares.



PENNSYLVANIA
RAILROAD COMPANY

CHICAGO, ILL.

18 E

JAN.	789	10
FEB.	1	5
MAR.	2	6
APR.	3	3
MAY	4	8
JUNE	5	3
JULY	6	8
AUG.	7	3
SEPT.	8	8
OCT.	9	3
NOV.	10	8
DEC.	11	3
1907	12	8
1908	13	3
1909	14	8
1910	15	3
1911	16	8
1912	17	3
1913	18	8
1914	19	3
1915	20	8
1916	21	3
1917	22	8
1918	23	3
1919	24	8
1920	25	3
	26	8
	27	3
	28	8
	29	3
	30	8
	31	3

ISSUED BY
PENNSYLVANIA RAILROAD CO.
ON ACCOUNT OF

PENNSYLVANIA LINE


One Emigrant Passage

PITTSBURGH TO CHICAGO

Subject to Conditions of Contract

THIS COUPON IS NOT GOOD IF DETACHED

CHICAGO, ILL.

8	7	10	6	5
				
37	<p>(VIA SHORT LINE ONLY.)</p> <p><i>One Emigrant Passage</i></p>			195
95	<p>TO PITTSBURGH</p> <p>Subject to Conditions of Contract</p> <p>THIS COUPON IS NOT GOOD IF DETACHED</p>			248
4	3	9	2	1
<p>CHICAGO, ILL.</p>				

191

TO THE GENERAL PASSENGER AGENT,
Philadelphia & Reading Railway Co.,
Reading Terminal,
Philadelphia.

DEAR SIR :

I hereby certify that I am a regularly ordained clergyman
of the.....Church

Located at.....
that I am engaged in no other occupation bearing compensa-
tion ; and for the purpose of using the trains of your Company
I desire an order for the purchase of Clerical Tickets during
the year 191

Yours truly,

(P. O. Address).....

I certify that the above statement is correct.

Agent at.....



.....
AGENTS SHOULD NOT FILL IN THIS COUPON.

No.

FORM 29.

PASSENGER TICKETS

Immigrant tickets (Form 28) are issued by the eastern trunk lines at the large Atlantic ports. They are single-trip tickets sold at reduced fares to immigrants who have actually landed from an ocean vessel. The usual practice is to set aside a special train or car for such traffic, and the service includes coach accommodations only.

Some lines issue *harvester tickets* at unusually low fares to enable farm hands to reach the wheat fields of the far West during the harvesting season. The traffic may be handled in special harvester trains of cars without sleeping or dining facilities. Colonist, immigrant, or harvester tickets may be fully printed, but usually they consist of ordinary single-trip tickets indorsed "colonist," "immigrant," etc.

Clergy tickets, where issued, are sold at half fares. To obtain this reduction the clergyman is required to get a clergy permit (Form 29). Annual or term permits are issued by some of the passenger associations upon payment of a small fee, while some individual railroads issue such permits without requiring a fee. Upon presentation of this permit the local agent will issue a clergy ticket at half the regular fare. Some lines issue printed clergy tickets, others have simplex tickets with spaces to be punched, others punch " $\frac{1}{2}$ " on an ordinary ticket, while other companies write upon each ticket the words "clergy" or "half." Each ticket is also indorsed with the number of the permit upon which it was issued.

Children's tickets are likewise sold at half fares to children between five and twelve¹ years of age. They may be of any of the forms of tickets used for ticketing adults, marked with the " $\frac{1}{2}$ " punch or marked with the word

¹ Six years to twelve are the limits fixed by law in Kansas.

THE PASSENGER SERVICE

“Half.” Children below five years are carried free of charge, except that a party rate may be quoted if a large group are sent together. A charity organization, for instance, in shipping a large party of children in a special car may be quoted a special party rate in which each child is counted as one quarter.

All the above-named excursion and regular reduced fare tickets, so long as they are granted to all persons alike, are not unlawful discriminations, but are expressly permitted by Section 22 of the interstate commerce act. Likewise, clergy tickets granting half fares to an adult are pronounced permissible by the Interstate Commerce Commission.¹ It has, however, been held that the half or reduced fare tickets formerly sold to officers of the government, army or navy, and others not specifically exempted by the interstate commerce law, are no longer valid.²

(5) In addition to the foregoing groups there are various *miscellaneous* types, such as the *drover's ticket* issued by western railways to the caretakers of live stock en route. This is especially permitted by Section 2 of the interstate commerce act. At the time the shipping contract is made out, the caretaker, in the territory of the Official Classification Committee, signs a uniform “Contract with Man or Men in Charge of Live Stock,” which releases the carrier from liability in the case of injury while on the live-stock train. The drover's ticket of the western lines, which returns the drover to his home station, likewise contains such a release, but legal opinion as to its validity is divided. It is usually a nontransferable ticket, limited in time, and containing every precaution in the way of description and signature, so as to prevent fraud. It may be either a free

¹ XV I. C. C. Repts. 45 (1909), *In re* Passes to Clergymen.

² I. C. C. Annual Report (1906), p. 9.

[illegible]

PASSENGER TICKETS

pass or a reduced fare ticket. The same practice also prevails in the case of caretakers of poultry, fruit, and perishable vegetables.

The *free pass* is the form of ticket which has caused more discussion than any other. In interstate travel, it is now prohibited by Sections 1 and 22 of the interstate commerce act, which provides that interstate passes may be granted only to officials, agents and employees of the railways and their families, and to a certain limited number of other individuals. Seventeen different states¹ have enacted antipass laws similar to this. Nineteen states² prohibit the granting of passes to certain public officials and members of the judiciary in order to prevent bribery, while New Jersey had a similar law, but in 1907 enacted one compelling the issuing of passes to specified public officials. Such as are now issued are carefully hedged in with respect to time, nontransferability, signature and description of the holder. The extent to which they are issued is largely determined by the federal and state antipass legislation.

Lastly, there is the *conductor's duplex memorandum* (Form 30), which is issued by the conductor upon the payment of cash fares. One portion is retained by him to be sent to the Ticket Auditor as any other ticket taken up, and the other is given to the passenger as a receipt, and may be redeemed by him at a ticket office for the extra ten cents which he was required to pay.

¹ Alabama, Iowa, Kansas, Minnesota, Michigan, Nebraska, Oregon, Texas, Vermont, Ohio, South Dakota, Oklahoma, New York, Indiana, Pennsylvania, New Hampshire and Florida.

² Georgia, Wisconsin, New Hampshire, South Dakota, Nevada, West Virginia, Alabama, Arkansas, California, Florida, Kentucky, Massachusetts, Mississippi, Missouri, Montana, New York, Virginia, Washington, and Maine.

THE PASSENGER SERVICE

IV. ISSUING AND DISTRIBUTION OF TICKETS

All tickets are issued by the Passenger Department, and, under the direct charge of the Passenger Traffic Manager, or General Passenger Agent, are furnished to the local ticket agents. The local agent makes requisition on the Passenger Traffic Department upon *requisition blanks*. The tickets sent to him are accompanied by an *invoice* (Form 31) which records each individual ticket. After making a copy for himself the agent signs the original and sends it to the Auditor of Passenger Receipts, or other officer of equivalent designation. On some lines it is sent to the General Passenger Agent, who transmits a duplicate copy to the Auditor. The ticket agent is in this way charged with all tickets sent to him, and he must account for them either in cash or with the tickets themselves.

After being arranged in cases, on hooks, or in some other convenient numerical, geographical, or alphabetical way, they are sold to the passengers. From *charts of forms*, provided by the General Passenger Agent, the local agent can easily determine the various routes available to given destinations and the proper tickets to sell. The chart indicates the form number of the route desired, and the agent can easily turn to the ticket bearing that form number. He is required to make *daily reports*¹ showing the sale of all local tickets, printed or otherwise; amounts received from the sale of interdivisional and interline tickets; and special reports as to the sale of mileage tickets. He makes *monthly reports* showing in detail all sales and all tickets on hand.

The tickets or coupons are taken up by the train con-

¹ This is the requirement on the Pennsylvania Railroad and is not the same on all other roads.

PASSENGER TICKETS

ductor, who promptly turns them over with a *trip report* direct to the Auditor of Passenger Receipts or to a Ticket Receiver. Cash fares are similarly turned over to Ticket Receivers by the conductor with the proper portions of the duplex memorandums and train excursion tickets which he has issued. The cash is deposited in a local bank each day, while the conductor's reports, memoranda and train excursion tickets, are forwarded to the Auditor of Passenger Receipts. The conductor later makes a *monthly report* showing all cash delivered to the Ticket Receiver.

Ticket Receivers are located only at large stations or divisional terminals, and their work is to receive cash collections, tickets and reports from the conductors, examine and send the tickets and reports to the Auditor of Passenger Receipts, deposit the cash in a bank, issue train excursion tickets and duplex memoranda to conductors, act as bureaus of information to them, and sometimes to arbitrate between them and passengers in case of disputes as to tickets.

In this way, the ticket makes a circuit from the Passenger Traffic Department around to the Auditor of Passenger Receipts, and a check upon it is kept during every step in its progress.

V. TICKET BROKERAGE

In spite of all precautions taken in the issuing of tickets, scalpers, or ticket brokers, for many years did a thriving business, and at some points still flourish. The most fruitful source of their supply lies in the return coupons of regular round-trip or excursion tickets. But limited or expired tickets, lost, stolen, or purchased passes issued to railway employees or newspaper editors, and mileage books were purchased by scalpers; and there have been instances of outright counterfeiting. In times past, unscrupulous

THE PASSENGER SERVICE

railways have sold blocks of tickets at reduced rates as a means of undercutting regular, published fares.

The methods pursued by the ticket brokers have ranged from the crude to the ingenious. Sometimes clearly worthless tickets were sold to ignorant travelers, but usually the aim has been to furnish tickets which will pass muster with the gateman and conductor. Nontransferable return coupons have been sold to travelers with little danger of detection; expired tickets have been plugged and repunched or redated, so as to extend their life; parts of several tickets have been pasted together to make a new one either of extended life or higher class; signatures of agents and purchasers have been forged; destinations and routes have been erased from skeleton tickets and others substituted; mileage books have been leased to many travelers under a system of rebate; and some tickets have been printed to order. At times ticket agents, gatemen, and conductors have been corrupted, while at others the methods employed have been so ingenious that only close scrutiny would reveal alterations or fraud.

Various objections have been successfully raised against ticket brokerage: (1) It is dishonest, because it involves the use of a nontransferable ticket sold at a reduced rate with the understanding that it would be used by the purchaser, and because frequently it involves forgery and counterfeiting. (2) It interferes with the granting of regular reduced fares and excursion rates. (3) It wrongfully deprives the railways of legitimate revenue and interferes with their control over tickets. (4) It has sometimes been used as a means of undercutting published fares.

The brokerage business gradually became so extensive, particularly on lines centering in Atlanta, Chicago, Indianapolis, St. Louis, Buffalo, Kansas City, Denver, Cincin-

PASSENGER TICKETS

nati, San Antonio, and New Orleans, that concerted preventive measures became necessary. It was stated in 1901 by a prominent ticket broker that there were then nearly 470 "scalpers" in the United States. The individual carriers, moreover, reached a sound traffic basis which no longer induced them secretly to undercut competitors and to connive with the scalpers, who were thus deprived of one source of supply. The carriers also took more care in printing tickets and in tracing fraud. Many passenger traffic associations, likewise, began to combat the scalpers, earnestly discouraging all connivance on the part of the carriers, and making provision for the redemption of ticket coupons illegally issued or used.

In 1903, the Railway Ticket Protective Bureau was organized, the policy and work of which was controlled by an executive committee consisting of the chairmen or commissioners of the various passenger associations. This bureau began by obtaining extensive data as to the location and methods of the scalpers. It then instructed the carriers how to safeguard their tickets by calling in forms especially easy to alter and by using safety paper and inks. Conductors were provided with blank forms on which to gather information from passengers detected with scalped tickets. It obtained injunctions from courts, and worked to secure the passage of antiscalping laws.

Outside agencies, such as the Central Antiscalping Committee, consisting of representatives from merchants', travelers', traders', jobbers', and manufacturers' associations, boards of trade and chambers of commerce, constituted another enemy of the ticket broker. Their aim was particularly to obtain the passage of federal and state antiscalping laws.

The courts assisted with restraining orders issued

THE PASSENGER SERVICE

against dealing in nontransferable tickets. This practice became common in 1904, when the Supreme Court of Missouri¹ and the U. S. Circuit Court of the eastern district of Missouri² issued such orders. In various parts of the country temporary, and later permanent, injunctions were thereafter obtained. In New Orleans the right to restrain the dealing in nontransferable tickets was contested in three separate federal courts,³ and the question was finally decided in favor of the carriers in the U. S. Supreme Court.

Eleven states, moreover, have enacted antiscalping laws—New York, New Jersey, Pennsylvania, Michigan, Illinois, North Carolina, Texas, Montana, Washington, Oregon, and Georgia—and various others have forbidden the sale of certain tickets. Various states, such as Oregon and Nebraska, have penalized fraud, counterfeiting, and the alteration of tickets. In two states, New York and Texas, the antiscalping laws were overthrown by the courts, but in others, such as Oregon and Illinois, they have been expressly upheld and commended. To be effective they should contain provisions for the redemption of unused tickets by the railways, and statutes to that effect have been enacted⁴ in thirteen states.

So effective have been the combined forces directed against the ticket brokerage business, that it is now but a shadow of its former self. At some points, however, it still is a thorn in the side of the passenger department, and the war on the scalper is not yet ended.

¹ *Schubach vs. McDonald*, 65 L. R. A. 136.

² *Ill. Cent. R. R. Co. vs. Caffrey*, 128 Fed. Rep. 770.

³ *L. & N. R. R. Co. vs. Bitterman*, 128 Fed. Rep. 176; 144 Fed. Rep. 34.

⁴ Oregon, Wyoming, North Dakota, Pennsylvania, Texas, New Jersey, North Carolina, Georgia, Illinois, Indiana, Iowa, Minnesota, and Montana.

PASSENGER TICKETS

REFERENCES

1. H. Harper, "Railway Passenger Travel," a paper in the volume entitled "The American Railway," p. 236 *et seq.*, New York, 1889.

2. L. G. McPherson, "The Working of the Railroads," p. 223 *et seq.*, New York, 1907.

3. Byron K. and William F. Elliott, "A Treatise on the Law of Railroads," vol. iv, section 1593, Indianapolis, 1907.

4. Dewitt C. Moore, "A Treatise on the Law of Carriers," Albany, 1906.

5. A. J. Gillingham, "Passenger Receipts." (An Address to a class of employees of the Pennsylvania Railroad in 1905.)

6. F. L. Meyer, "Twentieth Century Manual of Railway Station Service," Chicago, 1906.

7. Annual Report of the Interstate Commerce Commission, 1890; 1906, pp. 7-9.

8. "*In re Passes to Clergymen.*" Decision of the Interstate Commerce Commission, XV I. C. C. Reps., 45 (1909).

For references to cases consult footnotes to the text of the chapter.

CHAPTER XXVIII

THE ACCOUNTING OF PASSENGER REVENUE

Subdivisions of the subject—Accounting forms used by station agents—Accounting forms filled out by conductors—Work of ticket receivers, forms employed—Work of, and books kept by, the general office of the passenger accounting department—Accounting of miscellaneous passenger revenue—References.

THE accounting of passenger revenue is usually accomplished by a smaller number of auditors than is required for freight revenues. Receipts from the sale of tickets are audited by an Auditor of Passenger Receipts or Ticket Auditor, and the revenues from the baggage service, mail, express, newspaper, parcel, and other sources allied to the passenger service, are audited either in this same office or in that of an Auditor of Miscellaneous Receipts and Accounts. As in the case of freight revenue, the general books are kept by the Comptroller or General Auditor, and the money collected is handled by the Treasurer.

This description of the auditing of passenger revenue may be divided into (1) agency, (2) the work of the conductor, (3) the work of the ticket receiver, (4) general office work, and (5) miscellaneous passenger revenue and practices.

I. AGENCY

It is one of the duties of the local ticket agent to keep informed concerning the stock of tickets on hand, and to

ACCOUNTING OF PASSENGER REVENUE

make necessary requisitions on the General Passenger Agent for additional supplies. The Passenger Traffic Departments of some lines require requisitions at stated periods and at other times permit only emergency calls. Such requisition is made on a special *requisition blank* (Form 1) provided for the purpose.

Before sending the required number of tickets to the ticket agent, the General Passenger Agent makes out an

Form P—Small



ORIGINAL.

No.

Philadelphia & Reading Railway Company.

Requisition on General Passenger Agent for Passenger Tickets.

Office

191

Ticket Agent.

TO BE FILLED IN BY THE AGENT					AGENTS WILL NOT WRITE IN THESE COLUMNS		
DESTINATION	FORM	ON HAND			Com. No.	Clos. No.	No sent
		Lowest No.	Highest No.	No. Required			

Received the above named Tickets.

191

Stamp Date of Receipt here.

Ticket Agent.

Applications for tickets must be forwarded (in Duplicate) to the General Passenger Agent, Reading Terminal, Philadelphia, FULLY TWO WEEKS BEFORE THE SUPPLY WILL BE REQUIRED, and any extraordinary demand made known as early as possible.

NO TELEGRAMS WILL RECEIVE ATTENTION.

UNDER NO CIRCUMSTANCES will Duplicate Tickets be furnished after receipt has been signed.

Agents will examine Tickets and return the receipt signed with ink, as soon as possible, to General Passenger Agent, Reading Terminal.

If any errors advise this office at once, but make no change.

FORM 1.

invoice which describes them and states their form and consecutive numbers. Frequently the requisition blank, when signed by the agent, serves as an invoice. The invoice is forwarded with the tickets to the agent, who signs and returns it to the Auditor of Passenger Receipts. After signing the invoice every ticket must be accounted for either in the form of cash or by the tickets themselves.

The essential records of the ticket agent are the *inter-*

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line record, the *local tickets record*, and a *sales book*. In the first of these the interline tickets are entered on the debit side stating the date of their receipt, while the sales are reported, and recalled or spoiled tickets are sent to the Auditor to be entered on the credit side of the accounts. The interline record shows exactly the condition of the interline ticket stock. The local tickets record differs from the interline record, in that generally only the date and the opening and closing numbers are entered, local tickets being usually printed in consecutive order for each station. The sales book contains a record of all tickets sold and money remitted to the Treasurer on account of same, with balance on hand.

The agent is obliged to make periodic reports to the Auditor of all tickets sold. The "daily system" calls for three reports of this kind. In the *daily report of local tickets sold* (Form 2), the sale of all local tickets with printed destinations and routes is shown, and the sale of all local skeleton tickets is summarized. The *daily report of commutation and mileage tickets* contains a detailed statement of all sales of such tickets, with names of purchasers and destinations, and sometimes the addresses of the purchasers. If for any reason tickets are recalled, a *statement of passenger tickets forwarded to Auditor of Passenger Receipts* is made out (Form 3).

The agent, likewise, makes a *daily cash report* (Form 4), stating the amount of money remitted to the Treasurer. The original is sent to the Treasurer, and advice of the same to the Auditor.

As is true of the station freight agent, the ticket agent makes monthly reports. Railroads require a *monthly report of local tickets* (Form 5), and another and simpler *monthly report of interline tickets* (Forms 6 and 7), which

PHILADELPHIA & READING RAILWAY COMPANY.

All Tickets must be dated day of Issue.

GERMANTOWN AND NORRISTOWN BRANCH.

DAILY REPORT OF LOCAL TICKET SALES AT				OFFICE			
" Package,							
Workman's Single,							
" 26-Trip,							
A31 Conshohocken,							
" Workman's,							
" " Single,							
" 26-Trip							
" 60-Trip,							
A32 Ivy Rock,							
" 60-Trip,							
A33 Mogees,							
A34 Norristown,							
" Workman's,							
" " Single,							
" 26-Trip,							
" 46-Trip,							
" 60-Trip,							
A36 Mill Road,							
A37 Ridge Road,							
A38 Tyrol,							
A39 Corsons,							
A40 Cold Point,							
A41 Williams,							
A42 Flourtown,							
514 Oreland,							
802 Frankford,							
" Phila.							
" Rent. N.							
630 Bustleton,							
C 24 and Chest St.							

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PHILADELPHIA & READING RAILWAY COMPANY.

✓ All Tickets must be dated day of Issue.

GERMANTOWN AND NORRISTOWN BRANCH.

DAILY REPORT OF LOCAL TICKET SALES AT _____ OFFICE
GERMANTOWN AND MORRISTOWN BRANCH.

12

711-69	TO	VIA	TRIP TICKETS		HALF TRIP TICKETS		EXCURSION TICKETS		HALF EXCURSION TICKETS	
			Lowest Fare Per Trip	Lowest Fare Per Trip	Lowest Fare Per Trip	Lowest Fare Per Trip	Lowest Fare Per Trip	Lowest Fare Per Trip		
1 Day	Eliz. Travel									
	" (General)									
	" Workman's									
	" Package									
	" 26 Trip									
	" 46 Trip									
	" 50 Trip									
	" 60 Trip									
	" 100 Trip									
	" 180 Trip									
	A1 Elm Garden St.									
	A2 Columbia Avenue									
	A3 Huntington St.									
	" Package									
	A 100 S. L. Bk. Bldg									
	" 46 Trip									
	A3 Tuxs Package									
	A4 Niagara Package									
	A7 Water Junction									
	" Package									
	" 50 Trip									
	B70 Logan									
	504 Tabor									
	A8 Father's									
	A9 Water									
	A10 Wagoning Ang.									
	A11 Germantown									
	" Package									
	A12 Washington Lane									
	A13 Station									
	A14 Sedgwick									
	A15 Mount Airt									
	A16 Bernard									
	A17 Wilmot									
	A18 Grays									
	A19 Chestnut Hill									
	" Package									
	A18 Twenty-second St.									
	" Package									
	" 60 Trip									
	A21 East Falk									
	" Package									
	" Workman's									
	" 60 Trip									
	A22 Washington									
	A21 Schuz									
	" 60 Trip									
	A23 Maryland									
	" Package									
	" Workman's									
	" 26 Trip									
	A30 N. Kensington									
	A35 Glen Willow									
	A37 Sharnont									
	" Package									
	" Workman's									
	" 26 Trip									
	A38 Lafayette									
	" Package									
	" Workman's									
	" 26 Trip									
	A30 Spring Hill									
	" Package									
	Workman's Single									
	" 26 Trip									
	A31 Condolecton									
	" Workman's									
	" Single									
	" 26 Trip									
	" 50 Trip									
	A32 Ivy Rock									
	" 60 Trip									
	A34 Rogers									
	A34 Narragans									
	" Workman's									
	" Single									
	" 26 Trip									
	" 60 Trip									
	A35 Mill Road									
	A37 Ridge Road									
	A37 Trip									
	A32 Corvina									
	A40 Cold Point									
	A41 Wrlans									
	A42 Floutown									
	A41 Orland									
	802 Frankford									
	"									
	600 Justice									
	0 31401000 39									

THE PASSENGER SERVICE

Comptroller, and in such cases the Auditor requires the agent to make a *weekly passenger earnings report* (Form 8). A *monthly cash report* is made to the Treasurer show-



FORM 32-No. 1

Philadelphia & Reading Railway Company.

Station, 191

Comptroller,

Reading Terminal, Philadelphia.

I have this day forwarded to Bank
of , or Treasurer, Dollars.

	CREDIT MONTH OF			
Cash,	\$		\$	
Checks,				
Total,	\$		\$	

Agent.

The month for which amount is to be credited should be shown in blank space.

Collections of Items on Form 6, shown as outstanding, must be reported in detail on back of this form.

Fill up one of these forms for each remittance, and forward to Comptroller, Reading Terminal, on date of remittance.

FORM 4.

PHILADELPHIA & READING RAILWAY COMPANY.

GERMANTOWN, CHESTNUT HILL AND NORRISTOWN BRANCHES

19

REPORT OF LOCAL TICKET SALES at

Office, for _____ ending _____

[illegible]

Philadelphia & Reading Railway Company.
REPORT OF FOREIGN TICKETS SOLD.

At _____ Office, for Month of _____ 19____

[illegible]

FORM 6.

ACCOUNTING OF PASSENGER REVENUE

ing the total amount remitted during the month, and some auditors require a *weekly report of cash fares* received from conductors (Form 9). The agent's debits and credits on

[illegible]

FORM 7.

account of the passenger business are likewise included in the *monthly balance sheet*, mentioned in the chapter on the Accounting of Freight Revenue, Vol. I, page 143.

II. THE WORK OF THE CONDUCTOR

The second factor in the accounting of passenger revenue is the train conductor who collects the tickets from the passengers. He, likewise, collects the cash fares, and, as was explained in the preceding chapter, issues duplex memoranda and train excursion tickets. All such tickets and cash fares he enters in his *daily or train report* (Form 10) and *receipt book*, and at the end of his run either turns them over to a Ticket Receiver or sends them to the Auditor. A special envelope is provided for this purpose. A separate report is made on mileage tickets (Form 11). On some lines a separate *report on cash fares* (Form 12) is made, and some require a *record of tickets* honored but not lifted. The conductor's daily or train report to the Auditor accompanies the tickets, duplex memoranda, train excursion

THE PASSENGER SERVICE

tickets, and cash fares. In the receipt book he takes a receipt from the Ticket Receiver, and retains it as his permanent record. Such receipt, however, is required only on lines which have ticket receivers. On such lines, moreover, the conductor from his receipt book makes a *monthly report* to the Auditor (Form 13), which shows the amount of cash delivered to the Ticket Receivers and which is a check upon the accounts of the Ticket Receiver.

III. THE WORK OF THE TICKET RECEIVER

The usual practice of the Ticket Auditor's department is to require all reports and tickets to be sent direct to the central office. Some railroads, however, have Ticket Receivers who are outposts of the Auditor's department at large stations and junction points. They receive the tickets collected, the trip reports of the conductors, and the cash fares. The tickets and reports they examine carefully and forward to the Auditor, while the cash fares they deposit in a local bank to the credit of the Treasurer. All such deposits they report to the Auditor in a *daily cash report* (Form 14), and at the end of each month they make a *monthly report* which shows the deposits made by each conductor with them, the daily deposits in the local banks, and all debits and credits from previous months. They also make a *monthly report of number of pay passengers carried* on given divisions (Form 15). All money received on account of miscellaneous receipts is reported in a *daily report of miscellaneous receipts* (Form 16).

Ticket Receivers, also, issue duplex memoranda and train excursion tickets to the conductors requiring an *invoice* (Form 17) for them, sign their receipt books, communicate instructions from the Passenger Traffic, Transportation and Accounting Departments, and arbitrate

PENNSYLVANIA RAILROAD COMPANY

P., B. & W. R. R. CO. N. C. RY. CO. W. J. & S. R. R. CO.

.....Station,

.....Division.

Summary of Passenger Ticket Sales for

Period fromtoinc., 19

Report 1st to 7th, inc., to be forwarded not later than the morning of the 8th.
" 8th " 14th, " " " " " " " " " " 15th.
" 15th " 21st, " " " " " " " " " " 22d.
" 22d " end of month, " " " " " " " " " 1st
of the following month and under no circumstance to be held until completion of the
monthly report.

	Dollars	Cents
Local Receipts (excluding Mileage)		
Mileage Ticket Receipts		
Total		
Foreign Receipts		
Total		

.....Agent.

ACCOUNTING OF PASSENGER REVENUE

questions of ticket validity arising between conductors and passengers. They, moreover, make reports on the individual conductors (Form 18) as to their accounts, tickets on hand, punches used, bond requirements, and methods of business conduct.

IV. GENERAL OFFICE WORK

It will not be necessary to repeat the explanation of the numerous kinds of passenger tickets issued by the Passenger Traffic Department. The chief classifications made

Form E



Philadelphia & Reading Railway Company.

WEEKLY REPORT OF WAY-FARES RECEIVED.

From Conductors at _____ Station.

During Week Ending _____ 191

DATE		CONDUCTOR	Amount Received		TOTAL	

Ticket Agent.

Send weekly and monthly to Auditor Passenger Traffic, Philadelphia.

FORM 9.

by the Accounting Department are (1) *local tickets*, or those reading between points on the same grand division, (2) *interdivisional tickets*, or those reading between a point on one division and a station on another division, (3) *interline tickets*, those reading to a point on a foreign line, (4) *interline foreign roads*, those reading from a foreign

THE PASSENGER SERVICE

line to a point on the home line or beyond, and (5) *mileage and commutation tickets*.

The ticket corresponds to the freight waybill as the primary accounting document. The method of accounting differs, however, from that applicable to the waybill by holding the issuing instead of the receiving agent responsible. The ticket accounts are kept according to the number sold each month, exceptions being made of mileage tickets, which are separately audited on the basis of the number actually used, because while an entire book or strip is sold at one time it may not be used until a period of from one month to a year has passed, and until used the Auditor does not know how the unused coupons should be credited. Receipts from mileage tickets are carried in a *suspense or reserve account*. As the coupons are turned in to the Auditor he charges them against this account and credits passenger earnings.

All tickets, at the time of their issue to the ticket agent, are charged to him in the *Auditor's ticket ledger*. As the tickets are turned in by the conductor, they are checked with the tariffs issued by the Passenger Traffic Department to see that the rates of fare as reported in the agents' daily cash reports are correct. They are also, on lines requiring such reports, checked against the daily reports of tickets sold and with the conductors' trip reports. On lines employing ticket receivers they are still further checked against the receiver's daily reports. All cash fares are checked against the conductors' trip reports and coupons of duplex memoranda and train excursion tickets. The tickets are arranged in station order and by numbers in case of local and interdivisional tickets, and by roads, divisions and form in case of interline tickets, and clerks make entries in the proper ticket ledgers.

PENNSYLVANIA RAILROAD COMPANY

P., B. & W. R. R. CO.

N. C. RY. CO.

W. J. & S. R. R. CO.

Date of Report, 190

Conductor's report of trains running on..... Division, of the..... General Division
on..... day, the..... day of....., 190 , showing place and time of departure
and arrival of each train, Cash collected, Duplex Memoranda and Tickets issued, Pullman and Special Cars hauled,
Notations relative to Special Occurrences, &c.

[illegible]

The above is a correct report of the Duplex Memoranda and Excursion or other Tickets Issued and Cash collected by me on trains as stated, with place and actual time of departure and arrival of each train.

Rates, extensions, additions, &c., carefully examined and found correct.

Design of

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Conductor, using Punch No.

FORM 10. [Over.]

PENNSYLVANIA RAILROAD COMPANY.

P. B. & W. R. R. CO. N. C. RY. CO. W. J. & S. R. R. CO.

NUMBER OF PAY AND FREE PASSENGERS CARRIED ON _____ DIVISION TRAINS

AS STATED, ON THE _____ DAY OF _____ 190 _____

TRAIN		PAY PASSENGERS CARRIED		PAY PASSENGERS TO OR FROM POINTS NAMED				FREE PASSENGERS	
Number	CLASS	Number	POINT	From	To	POINT	From	To	KIND OF PASS
From	Through		Jersey City			Williamsport			Employee
	Way		Philadelphia			Baltimore			Legislative
			Harrisburg			Washington			(Other than Employee)
			Altoona			Camden			(or Legislative)
To	Total		Pittsburgh			Atlantic City			
			Buffalo			Cape May			
From	Through		Jersey City			Williamsport			Employee
	Way		Philadelphia			Baltimore			Legislative
			Harrisburg			Washington			(Other than Employee)
			Altoona			Camden			(or Legislative)
To	Total		Pittsburgh			Atlantic City			
			Buffalo			Cape May			
From	Through		Jersey City			Williamsport			Employee
	Way		Philadelphia			Baltimore			Legislative
			Harrisburg			Washington			(Other than Employee)
			Altoona			Camden			(or Legislative)
To	Total		Pittsburgh			Atlantic City			
			Buffalo			Cape May			
From	Through		Jersey City			Williamsport			Employee
	Way		Philadelphia			Baltimore			Legislative
			Harrisburg			Washington			(Other than Employee)
			Altoona			Camden			(or Legislative)
To	Total		Pittsburgh			Atlantic City			
			Buffalo			Cape May			
Total									

BACK OF FORM 10.

Form W Philadelphia & Reading Railway Company.
Conductor's Report of Mileage Coupons Collected



on Division:

Train No.	Name of R. R. by whom issued	Mileage Book No.	PASSENGERS TRAVELLED		No. of Passengers	Total Number of coupons
			From	To		

Date 191 Cond'r. ☐ Punch here

NOTE — Conductors will forward this report signed and dated, together with the mileage coupons collected, daily to Auditor Passenger Traffic, Reading Terminal, Philadelphia, enclosed in Envelope Form R-2.

FORM 11.

REPORT OF CASH FARES RECEIVED BY CONDUCTORS ON TRAIN:

Dunlop Excess Check Book No. Form No.

Branch or Division.

[illegible]

**PUNCH
HERE**

Full Passengers:	
Half "	
Total "	
Total Amount of Fares	
Total Amount of Excess	
Total \$	
Correct:	
Conductor:	

from the above Conductor, the amount set opposite his name.

RECEIVED at..... Station,....., 191.....
M. amount set opposite his name.
 Ticket Agent.

NOTE—At the end of each day, Conductors will at once remit their cash collections to the Ticket Agent and forward this Form duly receipted, with uncolored half of Duplex Excess Check, to the Auditor Passenger Traffic, Reading Terminal, Philadelphia, enclosing heron the fares collected for each train separately (enclosed in envelope Form Y-2). When no collections have been made, fill up and send Form 16 placed in plain black envelope.

Conductors will be careful to state **Form and Number of Duplex Excess Check Book, Branch or Branches on which trains are run, giving numbers of all trains whether cash collections are made or not.**

Ticket Agent.

FORM 12.

PENNSYLVANIA RAILROAD COMPANY.
PHILADELPHIA, BALTIMORE & WASHINGTON R. R. CO.
NORTHERN CENTRAL RAILWAY CO.
WEST JERSEY & SEASHORE RAILROAD CO.

..... *Division,*

....., 190.....

I have deposited with the Ticket Receiver at....., on account of collections made by me covered by reports to Auditor of Passenger Receipts during the month of....., 190....., as shown by receipts in Book A. D. 7094 (formerly G-290-A. P. R.).

	Dollars	Cents

.....
Examined and found correct as compared with A. D. 7890 (formerly G-267-A. P. R.).

.....
Ticket Receiver.

NOTE.—This blank must be properly filled up by Conductor and delivered or forwarded to the Ticket Receiver with whom the deposits were made, not later than the 2d day of the month following that in which the collections were made.

3¼ x 6. 9 21 1907.

FORM 13.

PHILADELPHIA, BROAD STREET, TICKET RECEIVER'S DAILY CASH REPORT.

[illegible]

The above is a correct report of the amounts received by me at Ticket Receiver's Office, Philadelphia, Broad Street Station, from Conductors, &c., of trains stated, run on the Philadelphia, Baltimore & Washington Railroad, on Sunday, the _____ day of _____, 191____.

Ticket Receiver.

PAY PASSENGERS CARRIED ON TRAINS OF THE

DIVISION FOR THE MONTH OF

190

Train No. _____ To _____										Train No. _____ To _____									
From _____										From _____									
Number of Trips _____										Number of Trips _____									
1st Passenger										1st Passenger									
2nd Passenger										2nd Passenger									
3rd Passenger										3rd Passenger									
4th Passenger										4th Passenger									
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100th Passenger										100th Passenger									

Form 15.

Philadelphia, Baltimore & Washington Railroad Company

Ticket Receivers will group under "Received From" each class of receipts, in the following order:

Cab Service
Package Rooms
Restaurants
Dining Cars
Milk

Marketing
Other Miscellaneous Receipts
by classes

State separately under each heading from whom reports are received and amounts covered

DAILY REPORT OF MISCELLANEOUS RECEIPTS

day of 190

Ticket Receiver

[illegible]

FORM 16.

ACCOUNTING OF PASSENGER REVENUE

As the monthly reports of the agents arrive they are carefully examined, and are checked with the Auditor's records and ticket coupons. Entries are then made on the credit side of the ticket ledgers. If any tickets are reported as spoiled or are recalled they are likewise entered to the agent's credit. The difference between these credits and the invoiced tickets with which the agent is debited represents the number of tickets on hand.

In the case of interline, "interline foreign roads," and interdivisional tickets over divisions representing separate

A. D. 1907
(For use by G. D. & A. P. R.)

PENNSYLVANIA RAILROAD COMPANY

P. B. & W. R. R. CO. N. C. RY. CO. W. J. & S. R. R. CO.

19

Invoice of tickets furnished _____, Conductor,
by _____ Ticket Receiver.

FORM	DESCRIPTION	Highest Number on Hand	NUMBERS FURNISHED			Number Furnished	REMARKS
			Series	Commencing	Ending (Inclusive)		

Received the above-mentioned tickets the _____ day of _____, 19
and I certify that they have been examined and found correct.

Station, _____ Div, _____, Conductor.

*The tickets enumerated on this invoice must be carefully examined. If any are missing, mutilated, duplicated, incorrectly or imperfectly printed, as to reading or numbers, or in any manner rendered unfit for sale, or if the reading on the tickets does not correspond in all respects with the description given on invoice, signature should be withheld until communication has been had with the office of furnishing the tickets and the irregularity corrected. No marks or notations of any kind should be made up invoice, except the ordinary check marks. Signature must be made with ink or indelible pencil.

FORM 17.

companies, it is necessary to prorate earnings. The usual basis in the case of constituent companies is mileage, while in the case of interline business the constituted through rates are divided as agreed upon by the lines interested. The clerks are furnished with *apportionment books or sheets*, similar to those used in the Freight Auditor's office (see Form 15, page 147, Vol. I) in which the computed earnings are entered to the credit of each foreign and con-

THE PASSENGER SERVICE

stituent line. Each line is then notified of the apportionment in an *interline report* which indicates ticket forms, consecutive numbers, destinations, through fares, and the proportions due to them. Such reports are also received from all other lines concerned, and they are carefully examined as to the proportion received and ticket coupons checked against them. After both issuing and receiving lines have audited their interline reports they make settlement of balances usually by draft.

Having checked up all tickets and prorated the earnings, entries are made in the Auditor's *passenger accounts ledger or general journal*. This contains the Auditor's general accounts, showing all debits and credits to the ticket agents, and to foreign and constituent lines. It contains a record of all money due to or from the company on account of the passenger business, and a statement of the total passenger earnings.

As in the case of freight revenue accounting, the Auditor of Passenger Receipts performs various miscellaneous duties. One group of clerks apportions passenger earnings by states and divisions, and another does statistical work. A compilation is made of the total number of passengers carried, average length of journey, passenger miles, passengers per train, earnings per passenger mile, and any other statistical data required by the officials of the Traffic and Transportation Departments and by the Interstate Commerce Commission.

From his *general journal* the Auditor makes monthly reports to the Comptroller or General Auditor to be entered in the general books of the company. In the *passenger traffic ledger* the accounting officer in charge posts all debits and credits to interline ticket accounts, except cash receipts and payments, so as to show the amounts owed to or from each

RAILROAD COMPANY

Report of the Examination of Accounts and Interview

with _____ Conductor on _____ Division,
at _____ at _____ o'clock, on _____ 19____

Dr		STATEMENT OF CASH ACCOUNT		Cr	
To Collections	1st to	incl.	\$	By Cash delivered to Ticket Receiver	\$

EXAMINATION MADE BY _____

STATEMENT OF TICKETS, PUNCHES, &c., ON HAND

Form	Description of Tickets	Commencing Number	Closing Number	EQUIPMENT
				Punches, No. _____ how many _____
				Box No. _____
				Satchel, with lock and key, No. _____
				Seal _____
				REMARKS: _____

FORM 18.

1	Has a corporate bond been furnished?	
	If not, what has been done in the matter?	
2	Does his run entail his holding Company's money in his possession over night?	
	If his cash collections, &c., are not delivered personally to Ticket Receiver, how are same forwarded?	
	Are collections forwarded or delivered promptly and does he take receipt for same?	
	Does he take account of his cash before starting on run and after run is completed and enter on cash report any excess discovered?	
3	How many punches does he regularly take with him on the train?	
4	Does he note on cash report whenever assisted in working trains, and state by whom and between what points and in what cars assistance was rendered?	
	Does he see that Brakemen or Baggage-master, who assist on trains, promptly return punches to him?	
5	At the end of run, does he personally examine his collections of tickets and passes in order to locate irregularities?	

BACK OF FORM 18.

ACCOUNTING OF PASSENGER REVENUE

foreign or constituent line. In his *statement of revenues and expenses*, of which there are separate books for grand divisions and subdivisions, he enters the total revenues from ticket sales just as he does those from freight collections and other sources of revenue. In the *station agents' ledger*, or *statement of station accounts*, he posts all debits and credits to ticket agents in the same way as they are posted in the case of freight agents. Here, also, is posted a record of all money remitted by the agents to the Treasurer or Cashier. However, as was shown in the chapter on freight revenue accounts, this ledger is sometimes kept by an Auditor of Miscellaneous Receipts and Accounts. At the close of the month the net results of all items in this ledger and the *passenger traffic ledger* are posted in the company's *general ledger*.

V. MISCELLANEOUS PASSENGER REVENUE AND PRACTICES

An essential part of the accounting of passenger revenue is the *handling of cash collections*. This is done precisely as in the case of freight revenue and need not be repeated in detail. (See Form 22, Chapter VII, Vol. I.) The agent makes direct remittances to the Treasurer accompanied by a remittance slip, or deposits the cash in a local bank, and makes daily cash reports to both the Treasurer and the Auditor. The bank sends deposit slips to the Treasurer. By him they are forwarded to the Comptroller, and then to the Auditor, each making the proper credit entries, the Treasurer and Auditor making comparisons with the agents' reports.

The Traveling Auditor, as in the case of freight revenue accounting, is an important factor. He examines the ticket agents' records and cash accounts, as he does those of

THE PASSENGER SERVICE

freight agents, gives them instructions, and has charge of office transfers.

On some lines, moreover, there is an Auditor of Miscellaneous Receipts and Accounts, who audits all revenue other than that coming from freight charges and ticket sales. The Pennsylvania Railroad places in his charge the auditing of receipts from excess and C. O. D. baggage, lost baggage checks, baggage storage charges, the cab service, special hotel and restaurant services, dining-car service, package-room collections, telegraph and telephone services, package, milk and cream, market and newspaper shipments, and mail and express services, all of which are adjuncts of the passenger business. Daily and monthly reports of this miscellaneous revenue are required from the station and baggage agents. Railways with no special Auditor for such accounts place them in charge of the regular Auditor of Passenger Receipts.

Methods of auditing passenger revenue are on the whole more uniform than those followed in freight accounting. Aside from the relatively few companies which place miscellaneous accounts in charge of a separate Auditor, all passenger revenue is usually audited in one accounting office. The reports made by ticket agents, although they differ as to frequency, are more uniform. The primary income accounts, as prescribed by the Interstate Commerce Commission for revenue from interstate traffic, have, moreover, established a degree of uniformity previously unknown. As outlined in Chapter VII, Vol. I, page 153, the revenue from the passenger and freight services is divided into twenty-one primary income accounts. Each of these accounts is now separately reported to the proper Auditor, entered in the books of the company, and reported to the commission and the stockholders.

ACCOUNTING OF PASSENGER REVENUE

REFERENCES

1. Samuel Anderson, "Miscellaneous Receipts and Accounts." (An address to a class of employees of the Pennsylvania Railroad, Philadelphia, 1905-6.)
2. A. J. Gillingham, "Passenger Receipts." (An address to a class of employees of the Pennsylvania Railroad, Philadelphia, 1905-6.)
3. F. Way, "Duties of a Comptroller or Chief Accounting Officer," in Dewsnap's "Railway Organization and Working," Chicago, 1906.
4. Logan G. McPherson, "The Working of the Railroads," Chapter IV, "Accounting and Statistics," New York, 1907.
5. W. M. Cole, "Accounts," Boston, 1908.
6. H. R. Hatfield, "Modern Accounts," New York, 1909.
7. H. C. Whitehead, "The Railway Auditor," published by New York University School of Accounts and Finance, 1902.
8. Interstate Commerce Commission, Classification of Operating Revenues.
9. S. Chapman, "American Methods of Railway Accounting," reprint from *Journal of the Royal Historical Society*, vol. lxxi, Part IV, Dec. 31, 1908.

CHAPTER XXIX

THE PULLMAN COMPANY

Early development of Pullman services—Organization of Pullman Company with diagram—Pullman equipment in use—Contract relations of Pullman Company and the railroads—Pullman fares—Traffic and profits—References.

EARLY DEVELOPMENT

THE first attempt to furnish sleeping-car facilities was made on the Cumberland Valley Railroad, between Harrisburg and Chambersburg, Pa., in the winter of 1836-37, when a regular passenger coach was fitted with berths. Prior to 1858 various other railways made similar attempts. Three tiers of shelves answered as berths, and the mattresses and pillows were piled up in the end of the car, to be dragged to the bunks by the passengers when desired. The cars were narrow, cramped, and unventilated, were fitted with inadequate springs, and were poorly lighted and heated. A few specially constructed sleeping cars were operated, but even these were highly uncomfortable and crude.

In 1859 Mr. George M. Pullman converted several passenger coaches into sleeping cars for the Chicago & Alton with some degree of success, and in 1864 he built his first Pullman palace car, the "Pioneer," in the yards of the Chicago & Alton, at a cost of \$18,000. It was a model of the cabinetmaker's art, very unlike the crude sleeping cars

THE PULLMAN COMPANY

then being constructed for \$4,500 each. The "Pioneer" was built a foot wider and two and one half feet higher than the prevailing passenger equipment, so that station platforms had to be cut down and bridges rebuilt before it could move.

The new car proved popular, and two more were ordered by the Chicago & Alton. The Michigan Central likewise declared its willingness to operate Pullman cars. Instead of reducing the cost of his cars, the second one was constructed at a cost of \$24,000. It was put in a train with the old type of sleeping cars and its berths were sold at a higher rate. The President of the Michigan Central predicted failure when this was shown to be necessary, but the passengers purchased all available berths in the Pullman car and complained that more were not to be had.

In 1867 the Pullman Palace Car Company was organized. It operated the sleeping cars through to destination, in charge of responsible Pullman employees. This same year the first Pullman hotel car, the "President," was put on the Great Western Railway of Canada, it being a combination sleeper and kitchen with portable tables. At about the same time came the parlor cars for day runs. In 1868 the first Pullman diner, the "Delmonico," was started on the Chicago & Alton.

Mr. Pullman next turned his attention to the problem of vestibuling trains. In 1886 experiments were made, and during the following year his improved vestibule was patented. The elastic diaphragm with steel frames between the cars unites the coaches into a continuous train, prevents the oscillation of the cars, and reduces the power necessary to pull the train by minimizing the air spaces between the cars; and, by practically preventing the telescoping of the

THE PASSENGER SERVICE

cars, it provides one of the greatest safety devices in the passenger service.

Since these early beginnings the number of special services has steadily increased, and the business of the company has reached great proportions. A special town was laid out on a tract of 500 acres, fourteen miles from Chicago, at a cost of \$8,000,000. The city of "Pullman" is the seat of the great car works, at which both freight cars and passenger coaches are constructed. The output in 1908 was valued at \$24,868,000 and at \$37,236,000 in the previous year. The city has become famous also as a scientific experiment in philanthropy.

In 1899 the Pullman Company bought out its principal competitor, the Wagner Palace Car Company, of Buffalo, with an issue of new capital amounting to \$20,000,000. It also controls the Union, Mann, and Woodruff companies. Aside from the few railroads owning sleeping cars, the Pullman Company has a monopoly of the sleeping-car service. Its capital has grown to \$120,000,000, its operating contracts cover 198,610 miles of railway, it annually carries over 18,600,000 passengers, and its gross revenue exceeds \$31,620,000 per annum.¹

BUSINESS ORGANIZATION

The business of the Pullman Company is conducted through two departments—the operating and the manufacturing. The former of these operates the company's coaches, while the latter builds and repairs cars. The two departments are jointly controlled by the Board of Directors, the Executive Committee, President, Vice President, and General Counsel, and there is one General Manager

¹ Annual Report to Stockholders of the Pullman Co. (1908).

THE PULLMAN COMPANY

in charge of the affairs of both. The departments are separate and distinct.

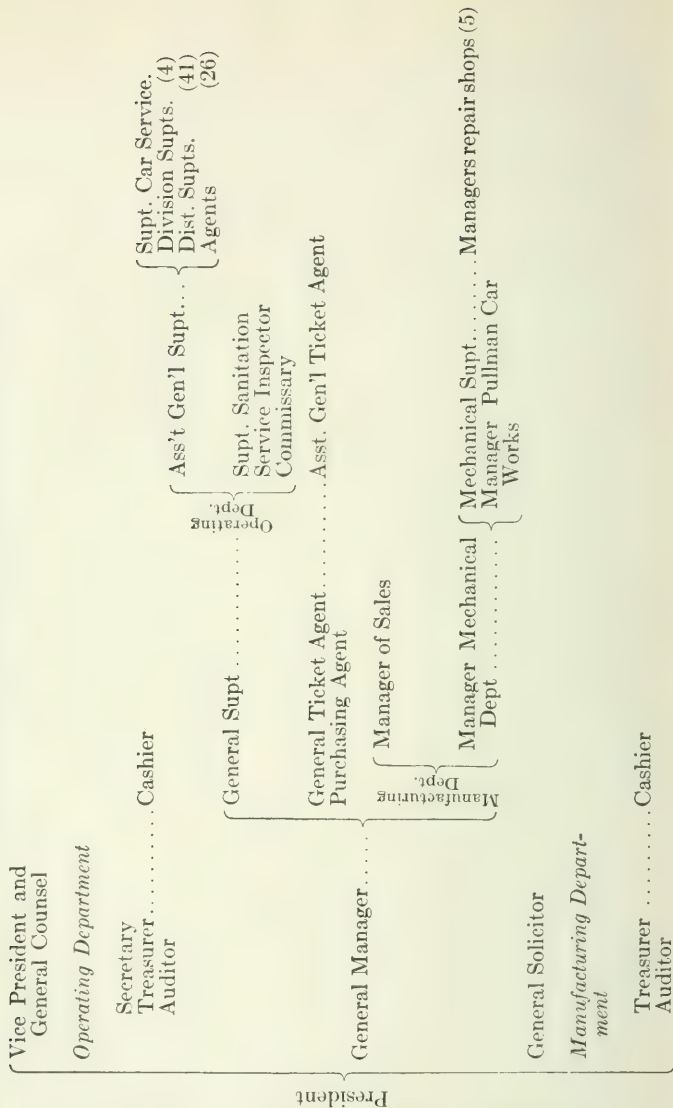
The General and Assistant General Ticket Agents are in charge of traffic development and the fixing of fares. The actual operation of cars is directed by the General Superintendent, who is assisted by two Assistant General Superintendents, a Superintendent of Car Service, a Superintendent of Sanitation, Service Inspector, and Commissary. The General Superintendent has divided his territory into four operating divisions ¹—the Northeastern, Southeastern, Southwestern, and Northwestern—with the Mississippi, Ohio, and Missouri rivers as substantially the boundaries. In charge of these are four Division Superintendents, who in turn are assisted by forty-one District Superintendents and twenty-six General Agents. The purchasing for both departments is done by the Purchasing Agent.

The manufacturing department has two chief officials. The Manager of Sales attends to the sale of cars, as this department regularly builds cars for railways and other purchasers. The manufacturing department sells to the operating department all the cars required, at cost plus a manufacturer's profit of ten per cent. The Manager of the Mechanical Department controls the work of construction and repairs, and is assisted by the Manager of the Pullman Car Works, who is in direct charge of construction, and by the Mechanical Superintendent and five Managers of repair shops, who attend to the work of repairing cars.

Each department has its own Treasurer and Auditor. Money received by the company outside of Chicago is deposited in local banks and receipts are sent to the Treasurer. In each large district there is a Receiving Cashier, respon-

¹ The Pullman Co., Schedules of Lines and List of Cars, March 1, 1908.

ORGANIZATION OF THE PULLMAN COMPANY



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sible to the District Superintendent, who receives money from Pullman conductors and reports from ticket agents. In Chicago there is a Receiving Agent, under the General Cashier of the company, who performs these duties for all Chicago districts.¹

EQUIPMENT

In the year 1908 the Pullman Company² owned 4,750 passenger cars, comprising a large variety of distinct types. The "Standard Sleeping Car," with twelve sections, a drawing-room, and a smoking-room, is the most numerous. There are other sleeping cars, however, with a smaller number of sections and various special facilities. There are "Compartment Cars," which vary from those with ten compartments to those with seven compartments and two drawing-rooms. There are "Compartment Observation Cars," which contain an observation end; combination cars; observation parlor cars; parlor cars; composite cars; special drawing-room cars; buffet, combination buffet, and café cars; dining cars; and lounging cars. There were in 1908 521 tourist sleeping cars, lightly constructed and especially suited to the trancontinental tourist service. "Private Cars" are equipped to suit the parties for whom they are constructed.

The price paid by the Pullman Company to its Manufacturing Department varies greatly. The average, as given by the company, in 1908 was \$18,366.44 per car, ranging from \$16,067 for composite cars and \$16,357.28 for parlor cars to \$25,000 for dining and \$26,000 for café cars. The average for regular sleeping cars was \$18,793.01. Figures as to cost are probably high, because the Chicago, Milwau-

¹ Hearing before I. C. C. (*Loftus vs. Pullman Co. et al.*), p. 260.

² *Ibid.*, p. 233.

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kee & St. Paul and Great Northern railroads report averages slightly in excess of \$16,000, and they have purchased most of their sleeping-car equipment from the Pullman Company.

The Pullman cars have gradually increased in size. Twenty years ago they varied from 58 to 60 feet in length, while at present the average is 72.6 feet. They weigh 130,000 pounds, as compared with the ordinary passenger coach of 80,000. The new Pullman cars are built wholly or largely of steel, and in that way protect the passengers from accident, decrease the company's cost of repairs, and lengthen the average life of the car. The average life is estimated to be twenty years, during fifteen of which the car is in active public service.

CONTRACTUAL RELATIONS

The respective rights and obligations of the Pullman Company and the railroads over whose lines its cars operate are definitely fixed by contract. The 192 contracts of the Pullman Company with as many different railways vary so greatly that no one can be regarded as typical, but the general terms of the contract may be presented by summarizing the "agreement¹ of May 15, 1905, between the Chicago, St. Paul, Minneapolis & Omaha Railway Company and the Pullman Company." This contract is now in force.

On the side of the railroad it is agreed that the contract applies to all its lines. The railway company agrees to carry free the officers and employees of the car company and to make arrangements for places at which tickets may be sold, bedding stored and aired, cars cleaned, and places at which the car company's local Superintendent may have

¹ I. C. C. Hearings (*Loftus vs Pullman Co. et al.*), p. 692.

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office quarters. The railroad further agrees to haul and switch the cars, keep their truck journals packed and lubricated, clean the outside of the cars, provide links, pins, air brakes, steam coupling hose, fuel, ice, water, and oil for light or gas for the lighting of such cars as are equipped for the Pintsch system of gas lighting. The railroad agrees to repair any damage to cars resulting from negligence or carelessness of its own employees or "by reason of any accident on its lines of railway." It also agrees to give the company the exclusive right to furnish sleeping cars during the life of the contract.

The railroad company agrees to pay the Pullman Company mileage, for the use of the car, if the Pullman fares collected from the passengers using the car amount to less than \$7,500 per annum. If the average yearly gross earnings from the sale of seats and berths is less than \$5,000 per car, the mileage charge is one and a half cents; if the earnings average \$5,000 but less than \$7,500, it is one cent; and if it is \$7,500 or more, no mileage whatever is charged. In no case is there a mileage payment on tourist or second-class sleeping cars. At present no mileage is paid under this particular contract, as in 1908 the annual earnings per car on the two lines of the Chicago, St. Paul, Minneapolis & Omaha were \$8,420 and \$8,873, respectively. These heavy earnings result from the extra fares paid by the passengers for the use of Pullman cars, all of which is turned over to the Pullman Company.

On the side of the Pullman Company it is agreed that the car company shall furnish sleeping cars in sufficient numbers to meet all requirements; to place the cars subject to inspection by the proper railway officials; to furnish conductors, porters, and other needed servants; and not to rent more than one stateroom or section against one railway

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ticket unless with the consent of the company. The car employees are subject to the rules of the railway company, which has the same liability for their safety as for the safety of its own employees. The car company agrees to reimburse the railway for any amount in excess of such liability, and for any taxes paid on sleeping cars or for damages resulting from patent infringements. The railroad conductor may at any time enter the Pullman cars to collect fares or for other purposes connected with train management.

The original contract entered into by the Chicago, St. Paul, Minneapolis & Omaha was made in 1895 with the Wagner Palace Car Company, with a life of twenty-five years, but with the provisions that the railroad might terminate it at the end of fifteen years. At the end of twenty-five years the railway company may renew it for ten years, or may, if it wishes, purchase from the car company such cars as are running locally at a fair cash value, to be determined, in case of disagreement, by three disinterested persons.

The contracts with many other railways differ from the Omaha contract. Usually, however, the mileage charges are fixed on a graduated scale, in accordance with the amount of earnings from Pullman fares. Several large railways pay two cents per car mile if on any line the average earnings per car are less than \$5,000, one cent if between \$5,000 and \$6,000, and none if the earnings exceed \$6,000 on any line or \$7,000 on all its lines in the aggregate. The railroad is privileged to secure exemption by paying the difference between the earnings and \$7,000. On some railroads the exemption limit is fixed at \$6,000, while others pay no mileage whatever. Among the most unfavorable contracts to the Pullman Company are those with the Pennsylvania

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Railroad and New York Central, according to which the train expenses are charged to the car company instead of to the railways.

Usually, under present contracts, the only expense borne by the Pullman Company in operating a sleeping car are those connected with the furnishing of the conductor, porter, and supplies such as linen, the cleaning of the car, shop repairs not resulting from accident or negligence of railway employees, and general administration. The wages of the porters range from \$18 to \$25 per month, with \$10 additional on tourist cars, and those of Pullman conductors range from \$70 to \$90 per month.

As the earnings from the Pullman fares increased and the railways reached a position in which they could threaten to operate their own sleeping cars the contracts became less favorable to the Pullman Company. Originally the mileage charge ¹ was paid to compensate the car company for the maintenance and repairs of the cars, and wherever it was not paid the railways themselves maintained the cars and repaired them. At one time the mileage charge amounted to as high as four and three cents per mile, or to complete maintenance and repairs by the railways. It then gradually declined, and the usual terms now provide for a very low mileage rate, or more commonly a graduated scale of mileage, ranging from two cents to exemption, according to the Pullman earnings. There are instances in which no mileage is paid, in which the train expenses are paid by the Pullman Company, and in which the extra-fare earnings above a certain point are shared with the railroads. Though the " miles run " by the Pullman cars have increased from 219,012,000 miles in 1899 to 497,709,000 in 1908, the actual

¹ Argument in behalf of the Pullman Co., by G. S. Fernald, in *Loftus vs. Pullman Co.*

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mileage paid ¹ by the railroads in the same period declined from \$1,702,580 to \$638,347; and in 1901 over \$2,000,000 was paid in mileage. Originally the mileage charge was sufficient to cover cost of maintenance and repairs, but in 1908 these costs ² aggregated \$8,183,536. Gradually the mileage charge has become unimportant and the extra-fare earnings have steadily increased in magnitude.

Special agreements exist between the Pullman Company and two railways—the Northern Pacific and the Atlantic Coast Line. About 142 cars are jointly owned by the Pullman Company and these railways. They are known as “*association cars*,” managed by the Pullman Company under contract. The Northern Pacific contract of 1897, renewed in 1907, contains the usual provisions of the sleeping-car contract, the chief difference being in the method of payment and the assumption by the association of all the obligations of the Pullman Company with respect to the operation of the cars. All operation expenses, except those of administration and superintendence, are deducted from the gross earnings of the association. “The balance is then divided between the railway and the Pullman Company in the proportion of their respective interests in the association cars,” but all such earnings in excess of \$6,000 per car per year upon the total number of association cars are paid to the Northern Pacific Railroad. It is also agreed that all additional cars furnished as association cars shall be manufactured by the Pullman Company, and that the railway shall pay one half their actual cost plus ten per cent. The Pullman Company, moreover, has the exclusive right to furnish all sleeping cars required in addition to those jointly owned.

¹ Statement of the Pul. Co. to I. C. C. (*Loftus vs. Pul. Co. et al.*).

² *Ibid.*

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This arrangement of joint ownership should not be confused with the actual operation of sleeping cars by the railways. The Great Northern, the New York, New Haven & Hartford, the Chicago, Milwaukee & St. Paul, and the Soo Line own and operate sleeping cars.

PULLMAN FARES

In making the Pullman-car fares, the General and Assistant General Ticket Agent consider numerous factors, the importance of which vary with the conditions of each special instance. There is no general rule, but the company expects to receive about two dollars per berth for an occupancy of twelve hours.

Time is usually the leading consideration, as when once the berth is occupied it is the time of occupancy rather than the distance traveled which influences the company's earnings. Between any two points, however, it is not the actual, but the average time that controls—neither the time of the fastest nor the slowest train, but the average time of all trains.

Distance is a second factor, although it does not influence Pullman charges as it does passenger fares. The berth rate¹ from Philadelphia to Pittsburg, for instance, is \$2, to Cleveland \$2.50, and to Toledo \$3.50. The \$4 rate, however, applies to points as widely separated as Lima, Ohio, and Fort Wayne, Ind., and the \$4.50 rate to points from Columbia City to Chicago.

The *number of cars operated* in a given territory, or the *density of the traffic*, is considered. So also are the *cost of the cars* and the *cost of operation*, although there is no definite or uniform weight given to these considerations. The

¹ Pullman Co. Rates—Eastern Territory—I. C. C. No. 7, effective May 15, 1908.

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Pullman fares in tourist cars, for example, are just one half of those in standard sleeping cars, largely because cost of construction and operation is considerably less. Costs, in a way, constitute the basis of Pullman fares. The Pullman cars on various lines, such as the Great Western, St. Louis & Southwestern, and Wisconsin Central, were in 1908 operated at a loss, in order to prevent the organization of competing car lines and the introduction of a sleeping-car service by the railways.

Frequently the *passenger fare* is a controlling factor. Thus, the Pullman fare from Chicago to San Francisco is the same via New Orleans as it is direct, because the passenger fares are arranged in that way. The same is true of the fares between all large competitive points, the long and short routes being equalized according to the passenger fares. This influence also is partly responsible for the low berth rates in tourist cars, as the efforts of the railways to fix their fares at what the traffic will bear cannot be annulled by the Pullman Company.

Between Boston and New York the sleeping-car fares of the New York, New Haven & Hartford exert an influence. This line charges fifty cents less for upper than for lower berths, and the Pullman Company is obliged to do likewise.

All these considerations arise in fixing *seat rates*, as well as *berth rates*, but on the whole the former are fixed more in accordance with distance. Formerly seat rates¹ were based on a minimum of twenty-five cents and multiples of twenty-five cents. Since 1908 the base has been twenty-five cents for a distance of fifty miles or less. Additions are made in multiples of five cents for each additional ten

¹ *Commercial and Financial Chronicle*, May 1, 1909, p. 1135.

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miles or fraction thereof, unless the specific rates are stated in the Pullman tariffs. Seat and berth rates, therefore, do not fluctuate in harmony. The berth rate¹ from Altoona, Pa., to Lima, Ohio, is \$2.50, and to Plymouth, Ind., \$3, while the seat rates are \$1.85 and \$2.45. The seat rate in tourist cars is the same as in standard cars, except that in no case may it exceed the tourist berth rate. Drawing rooms, when used for day service, are rented at the equivalent of six seats, and compartments at the equivalent of four seats.

Special charges are made for the use of "private cars." Payment to the railroad consists of twenty-five full-fare tickets east of the Mississippi River and seventeen west of that river. The Pullman Company receives, in addition, a rental of \$75 per car if used for one day and \$50 per car per day if used for two or more days. A private dining car may be rented for \$45 per day, together with conductor, waiters, and meals sold at cost plus twenty per cent. On the whole, the fares of the Pullman Company are fixed at what the traffic will bear, with modifications due to the lower basis of costs and such Government control as may be exercised.

Since the enactment of the Hepburn Act of 1906 the Pullman Company has filed its tariffs or schedules with the Interstate Commerce Commission. The tariffs are arranged by lines, with the starting points listed vertically and the destinations horizontally. None but the published fares are legal in interstate traffic, and the commission, upon investigation, may fix a maximum Pullman fare. In *Loftus vs. the Pullman Company et al.* the commission has recently exercised this power by ordering a maximum

¹ Pullman Co. Rates—Eastern Section—I. C. C. No. 7, pp. 57-58.

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rate for upper berths between Chicago and St. Paul of \$1.50, as compared with the existing fare of \$2 for all berths. The upper-berth fare from St. Paul to Superior is likewise fixed at \$1.10, while the lower-berth fare remains at \$1.50. The lower-berth fare from St. Paul to Seattle is reduced from \$12 to \$10 and that of the upper berth to \$8.50. The lower and upper berth fares from St. Paul to Fargo, N. D., are reduced to \$1.50 and \$1.10, respectively. Besides ruling that some of the Pullman fares are too high, the commission in this case has upheld the principle that upper and lower berths should not be sold at the same rate, because of the inconvenience attached to the former. The Pullman Company, on its side, relied upon the greater cost of constructing the upper berths, the fact that but twenty per cent of the average car's earnings are received from upper berths, and the failure to induce more patrons to call for them by selling them at a reduction in cars running between New York and Boston. The company applied to the United States Circuit Court for an injunction to prevent the enforcement of the commission's order, but the application was denied.

Later the Commission granted a rehearing to the Pullman Company and various railroad companies; and the Pullman Company announced the adoption of a new schedule of rates that reduces some lower berth charges and makes the upper berth tariffs eighty per cent of the rates for lower berths. These rates were acceptable to the complainant.

TRAFFIC AND PROFITS

The profits of the Pullman Company have been large. Beginning with a stock issue of \$1,000,000 in 1867, the capitalization gradually increased to \$36,000,000 in 1898.

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Since that time no capital has been paid in, but the capitalization rapidly increased to \$54,000,000 in 1899, \$74,000,000 in 1900, \$100,000,000 in 1907, \$120,000,000 in 1910. Since 1898 the entire increase, in the form of stock dividends, has come out of the surplus and earnings of the company, and in addition a regular cash dividend of eight per cent has been paid on the growing capitalization; \$20,000,000, however, represent the purchase of the Wagner Palace Car Company in 1899. The most recent increase is an issue of \$20,000,000 as a twenty per cent stock dividend, payable to stockholders of record, April 30, 1910, at the ratio of one share for every five shares held. The Pullman Company is engaged in the manufacture and sale of cars of all descriptions as well as in the operation of Pullman cars, and its large profits have come from its entire business.

The traffic of the company has increased from 6,015,818 passengers in 1899 to 18,603,067 in 1908, or by over 200 per cent in a decade. During the same period the total number of passengers carried by American railways increased by seventy per cent. The Pullman car has within the last fifteen years become a regular feature of long-distance service, and is rapidly entering even the local passenger business.

The gross earnings from the operation of cars during the same years increased from \$9,748,576 to \$29,290,641.76. The total expenses in 1908 were \$20,347,183.51, consisting of operating expenses (\$9,801,409.48), repairs and maintenance (\$8,183,536.11), and depreciation (\$3,362,237.92). The company's net earnings from operating cars, therefore, was \$8,943,458.25, which, after deducting the amount paid to association interests (\$467,320.24), yielded 10.05 per cent on the actual investment in the property, as stated

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by the company (\$84,396,306.51). The total net income from all sources in 1908 was \$10,654,323.70.

The income account and the balance sheet of the company's business, operation as well as manufacturing, was stated in 1908 as follows:

ANNUAL REPORT TO STOCKHOLDERS OF THE PULLMAN COMPANY FISCAL YEAR ENDING JULY 31, 1908

INCOME ACCOUNT

Total Revenue.....	\$31,620,240.50
Total Expense (Operation).....	18,001,758.64
Proportion Paid Associated Interests.....	467,320.24
Depreciation.....	3,362,237.92
Dividends.....	7,998,356.00
Total.....	<u>29,829,672.80</u>
Net Surplus.....	1,790,567.70
Surplus Brought Forward.....	<u>5,256,219.76</u>
Surplus.....	\$7,046,787.46

ASSETS

Cars, Real Estate and Operating Supplies.....	\$70,257,773.06
Investments:	
Securities.....	8,203,858.08
Treasury Stock.....	2,331,671.80
Cash.....	9,054,319.74
Manufacturers' Dept.....	23,251,373.60
Sundry Accts. Receivable.....	3,074,343.39
Total.....	<u>\$116,173,339.67</u>

LIABILITIES

Capital Stock.....	\$100,000,000.00
Sundry Accts. Payable.....	1,617,875.21
August Dividend.....	1,999,652.00
Reserve for Depreciation and Adjustment Accts.....	5,509,025.00
Surplus.....	<u>7,046,787.46</u>
Total.....	<u>\$116,173,339.67</u>

The average annual gross earnings per car of Pullman cars is stated by the company as \$6,649.18, total expenses

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as \$4,555.80, and net earnings as \$2,093.38. These earnings, moreover, seem low when compared with those reported by the Great Northern. This company reported its net earnings per car to be \$3,816, an amount nearly ninety per cent in excess of the average of the Pullman Company.

COMPARATIVE STATEMENT OF PULLMAN COMPANY AND
GREAT NORTHERN RAILWAY

	Pullman Co. ¹ 1908	Great Northern ² 1908
Number of cars.....	4855	113
Gross Revenue per car.....	\$6,649.18	\$7,238.50
Operating Expenses.....	2,028.98	1,596.68
Repairs and Maintenance.....	1,819.98	697.54
Depreciation.....	706.84	1,128.18
Total Expenses.....	\$4,555.80	\$3,422.40
Net Earnings.....	\$2,093.38	\$3,816.10

¹ The Pullman includes the Union, Mann, and Woodruff Companies, and Association cars.

² Great Northern Railway covers operation of Standard and Tourist sleepers only.

The earnings per car on different lines vary greatly. The gross and net earnings per car on the Chicago, Burlington & Quincy Railroad, for instance, are \$8,100 and \$3,074, respectively, as computed by the Pullman Company, and on one line of the Chicago & Northwestern \$8,669 and \$3,642, while on some lines, as previously stated, the cars are operated at a deficit. The yield on the money invested in the cars in 1908 was reported as varying from a loss on some lines to a profit of 1.68 per cent on the Wabash, 3.42 per cent on the Erie, 8.70 per cent on the Chicago & Alton, 9.45 per cent on the Baltimore & Ohio, 13.34 per cent on the Pennsylvania, 13.38 per cent on the New York Central, 14.97 per cent on the Boston & Maine,

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and 15.63 per cent on the Louisville & Nashville. The investment in cars as reported, moreover, includes 10 per cent profit paid by the operating to the manufacturing department, and is very liberal as compared with the car values reported by the Great Northern Railway. The net earnings accepted, likewise, are those computed by the Pullman Company.

The investment yields, as reported during the years 1893 to 1900, were greater on most lines, partly reflecting the less favorable contracts which the company is now able to obtain. The large increase in capitalization was made possible by the heavy earnings of the past. Yet it is significant that as late as 1910 the company was able to declare a \$20,000,000 stock dividend, the stock continuing to sell at 191 $\frac{3}{4}$ in the open market (April 23, 1910). The issue does not represent "water," but a surplus of nearly \$10,000,000, increased investment in the manufacturing department, and certain reserve accounts in this department held to meet contingencies which are improbable under present conditions.

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3. H. Porter, "Railway Passenger Travel," in "The American Railway," pp. 239-249.
4. F. H. Graser, "The Pullman Company Under Federal Law," in *Railway World*, vol. 1, 781-82, Sept. 14, 1906.
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6. L. Haines, "Probing the Pullman Company," in *American Magazine*, May, 1910.

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7. The Pullman Company Schedules of Lines and List of Cars, March 1, 1908.

8. Pullman Company, Rates, Eastern Territory, I. C. C. No. 7. Effective Oct. 15, 1908.

9. Annual Report to Stockholders of the Pullman Company, 1898-1908.

10. Agreement of May 15, 1905, Between the Chicago, St. Paul, Minneapolis & Omaha Railway Company and the Pullman Company.

11. Agreement of January 1, 1897, Between the Northern Pacific Railroad and the Pullman Company.

CHAPTER XXX

THE IMMIGRANT, COLONIST, AND SECOND-CLASS SERVICES

Number of immigrants—Immigrant clearing house at Ellis Island—Through immigrant tickets, "steamship orders"—Forwarding of immigrants by rail from New York—Table of immigrant and first-class fares—Railroad immigrant departments and immigration associations—Colonist and immigrant-colonist fares explained and compared—Second-class service and fares—References.

THOUGH there are but two general classes of passenger service everywhere recognized in the United States—regular first-class and "Pullman" services—there are others of importance. Among them are immigrant, colonist, and second-class services.

THE IMMIGRANT SERVICE

The annual number of immigrants coming to the United States has grown so rapidly that it has become not only a social and economic problem, but one requiring special attention by the transportation companies. From 455,302 in 1890 and 448,572 in 1900, the number grew to 1,026,499 in 1905, 1,285,349 in 1907, and 751,786 in 1909. The industrial depression temporarily checked the flow in 1908, but in normal years it amounts to well over 1,000,000. Though the majority remain in the North Atlantic states, large numbers move westward and smaller numbers southward.

IMMIGRANT, COLONIST, AND SECOND CLASS

The average number ticketed by the trunk lines from New York during the last decade was 312,758 annually, ranging from 139,464 in 1908 to 521,796 in 1907. Smaller numbers are, likewise, ticketed from Philadelphia, Baltimore, and Boston.

In order to move this traffic satisfactorily and expeditiously the trunk line and western railways handle it jointly through their traffic associations, the Trunk Line Association having organized an Immigrant Clearing House with an agency at Ellis Island in the New York harbor. From ten to twelve per cent of the immigrant traffic passes beyond the western termini of railways in the Central Passenger Association, and is handled by the western railroads through the Immigrant Bureau of the Western Passenger Association. It is apportioned among the various railways according to joint arrangements, and to some extent serves as a means of equalizing their through passenger business. If, during any month, all of the trunk lines have carried what each company accepts as its share of the domestic business, the immigrant traffic is as equally apportioned as possible during the following month; otherwise the agent of the Immigrant Clearing House at Ellis Island apportions it so as to equalize the total through business. The immigrant traffic of the western lines is also apportioned according to an arrangement among them. Each of the seven lines operating between Chicago and St. Paul receives one seventh of the immigrant traffic, and such immigrant traffic as moves from Chicago and St. Louis to Missouri River points is equally handled by eleven interested railroads.

The Immigrant Clearing House was established in 1886 as a co-operative measure between the immigration authorities and the trunk lines for the proper protection and

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handling of immigrants. Prior to that time immigrants were the prey of various agencies and every advantage was taken of them, especially by the middlemen who sold railroad transportation to the immigrants. The middlemen extortionately overcharged the immigrants and gave the railroad companies as little as possible. The boarding-house runners also had access to the immigrants and secured a great deal of business for the boarding-house proprietors, who in turn sold the immigrants orders for railroad tickets and kept the immigrants as long as possible, or as long as the immigrants had money, before allowing them to proceed to their destination. These and certain other abuses were gradually and completely eliminated through the instrumentality of the Immigrant Clearing House. The work it did could not have been accomplished in any other way. It has proven to be a humane as well as an economic agency.

Through transportation may be obtained by immigrants from foreign ports through to their destinations in the interior of the United States. It may be purchased by the immigrants from the local steamship agents at their home town or port of embarkation, or it may be " prepaid " in this country by relatives or friends of the immigrants and sent to them. To the steamship tickets are attached steamship orders for the railway transportation of the immigrant class from the port of entry to the interior destination. Immigrants having no orders may pay cash for their railway tickets upon the date of their arrival. " No orders¹ for inland transportation of immigrants will be accepted, except the regular and original orders of the respective steamship

¹ Joint Tariff No. 13, "Immigrant Fares" from Boston, New York, Philadelphia, and Baltimore, effective May 1, 1906. Issued by Immigrant Clearing House.

IMMIGRANT, COLONIST, AND SECOND CLASS

companies exchanging business with the Immigrant Clearing House under its rules, and which are sold in connection with orders or tickets for west-bound ocean passage. Each immigrant order, whether issued in Europe or America, must be duly authenticated by the steamship company issuing the same, and bear upon its face the date of issue, the date of the original booking, and the amount of inland fare paid by the purchaser. All orders must be drawn for transportation from the seaboard through to final destination upon one order."

Upon arrival at New York the immigrants are taken by special boat service direct from the steamship docks to Ellis Island for inspection by the authorities of the United States Government. In case they are admitted, they present their steamship orders to the agent of the Immigrant Clearing House and are by him furnished with immigrant tickets. Any immigrant desiring to travel by a particular route is always accommodated, but immigrants seldom have such preference, due to their lack of knowledge of the transportation lines of this country; consequently the agent at Ellis Island assigns each shipload of immigrants to one line as far as practicable, which among other things has the effect of keeping the family and friends of the immigrant from being separated, which under the previous methods frequently occurred. Immigrants destined to points beyond Chicago or St. Louis first present their steamship orders to the agent of the western lines, who indicates on them the route beyond those gateways which is accepted by the agent of the trunk lines in furnishing the through tickets.

The immigrants and their baggage are transferred by special boat service direct from Ellis Island to the several railroad stations, where they are forwarded by special

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train when the volume of business warrants, but when the number is small they are usually forwarded in a separate car attached to a regular train. They are furnished with bags of food, weighed and stamped, by direction of the Government.

The equipment used in the immigrant service usually consists of old first-class passenger cars, that are comfortable and safe. For the reduced fares paid, the immigrants could hardly expect an expensive service. The immigrants provide whatever sleeping facilities they desire.

The following table ¹ shows the difference between regular first-class fares and immigrant fares from New York to important western destinations:

DESTINATION.	First-class Fares.	Immigrant Fares.
Buffalo.....	\$8.00 to \$9.25	\$7.00
Pittsburgh	9.00 to 10.50	8.00
Chicago.....	18.00 to 20.00	15.00
St. Louis.....	21.25 to 24.25	17.75
St. Paul.....	26.00 to 28.00	23.00
San Francisco.....	76.75 to 79.75	64.75
Milwaukee.....	19.70 to 21.70	16.70
Denver	39.60 to 42.60	37.60
Portland, Ore.....	73.90 to 76.90	53.50
Seattle	73.90 to 76.90	53.50

The immigrant tariffs are issued by the Immigrant Clearing House. For points in New England, New Brunswick, Nova Scotia, and Quebec a joint tariff is issued by the railways of New England.² In the South, owing to the small number of immigrants arriving at the various ports, there is, as yet, no organized immigrant railway

¹ Statement of C. L. Hunter, April 19, 1910. Joint Immigrant Tariff No. 13, and Supplement No. 14; Joint Passenger Tariff, No. 53.

² N. Y., N. H. & H. R. R. Co., Joint Passenger Tariff of One-way Immigrant Fares from New York, I. C. C. A-795, effective May 1, 1910.

IMMIGRANT, COLONIST, AND SECOND CLASS

service, the various railroads encouraging and handling it individually.

Numerous railroads in the West, Southwest, and South have created special subdepartments, with a general immigration agent in charge. The duty of these agents is to direct the flow of immigrants and settlers into regions adjacent to the railways employing them. Some lines depend upon the regular land, agricultural, or industrial agents for this service.

The General Immigration Agent advertises as widely as may be the agricultural and industrial opportunities of the country tributary to his line, and regulates the activities of real estate agents selling land in these regions. A favorite method of control is the formation of a Railway Land and Immigration Association.¹ All land agents are invited to become members. They are then given expert advice as to how results may be obtained; they agree upon the commissions to be charged and to avoid dishonest practices.

The immigration department, however, does not confine itself to the foreign immigrant; the largest number of settlers usually comes from the well-settled regions of the middle West and East, where high land values induce migration. The land-selling agents visit these communities, advertise in local papers, distribute pamphlets and "flyers," and make a personal canvass. Having induced the prospective settler to visit the lands of the West, Southwest, or South, the railways carry them on special colonist, or "home seekers," fares, and the land agents accompany them to look over the land. The immigration association protects both the settler and the land agent, and by so doing

¹ F. H. LaBaume, "A Railway Immigration Association," in *Railway World*, February 17, 1905; S. A. Hughes, "The Railway Immigration Department," *ibid.*, December 7, 1904.

THE PASSENGER SERVICE

brings more traffic to the railway. The settler is protected from dishonest practices and the association member can more easily meet prospective buyers. The railways, on their side, have found that "a satisfied settler is the best advertisement," and that an energetic general immigration agent can do much to assure satisfaction. The federal immigration laws prohibit transportation companies from artificially stimulating immigration to the United States from foreign countries. They are therefore prevented from so freely soliciting and advertising as they may in case of settlers already located within the country. A certain amount of soliciting, however, is done. The United States Commissioner-General of Immigration, for instance, complains of "very extensive operations now being carried on by various railway and land improvement companies in this country, who have agents located throughout Europe, engaged in procurement of settlers for farms."¹ The most persistent solicitation, however, is done by the steamship companies. "Steamship lines engaged in bringing aliens from Europe to this country have persistently and systematically violated the law, both in letter and spirit, by making use of every possible means to encourage the peasants of Europe to purchase tickets over their lines to this country. They have issued circulars and advertisements and made use of extensive correspondence through their own agents in this country and in Europe, and of private correspondence, some of it spurious in character, to impress the peasants with the belief that employment at high wages could be promptly secured on landing in the United States."²

¹ Annual Report of Commissioner-General of Immigration, 1909, p. 113.

² *Ibid.*

IMMIGRANT, COLONIST, AND SECOND CLASS

Any attempt to induce immigrants to migrate to the United States is opposed by the immigration authorities because it is illegal, but the organized method of the railroads for their distribution after they arrive is encouraged. So far as the immigration service within the country is concerned, the Government and the railways work in harmony.

COLONIST AND IMMIGRANT-COLONIST FARES

In addition to the regular immigrant fares effective throughout the year, the railways, during the spring and fall, for periods varying from thirty to sixty days, grant so-called "colonist fares." They are of two kinds—domestic and immigrant; the former applicable to all purchasers and the latter only to *bona-fide* immigrants whose names appear on the manifest of the steamship upon which they arrive.

The purpose of the domestic colonist fares is to move settlers from the East to the Pacific coast and points in the far Western States. They entitle¹ the holder to regular first-class service as far as Chicago, St. Louis, Hannibal, Memphis, Shreveport, New Orleans, Toronto, or Montreal, and second-class service thence to destination. The tickets are strictly limited to the time shown in the ticket contract and tariff. Those via Chicago, St. Louis, or Cincinnati are limited to continuous train passage up to the western gateways. Frequent stop-overs are granted in the West to enable the colonists to examine available lands.

Immigrant colonist fares² are available only for actual

¹ Joint Colonist Passenger Tariff, I. C. C. No. A-20, effective February 28 to April 14, 1910.

² Joint Immigrant Colonist Passenger Tariff, I. C. C. A-22, effective February 28 to April 14, 1910.

THE PASSENGER SERVICE

immigrants who have just arrived and are destined to points in the far Western States. They are obtainable only on steamship orders or for cash, in the usual way. They entitle the holders only to the immigrant service. After the expiration of the colonist fares the immigrant service is rendered only upon payment of the regular immigrant fares as above explained.

The following table ¹ contains a comparison between the lowest domestic and immigrant fares regularly in effect from New York and the colonist and immigrant-colonist fares in effect at certain times:

DESTINATION.	Lowest regular domestic fare.	Regular immigrant fare.	Colonist fare.	Immigrant colonist fare.
San Francisco.	\$66.75 to 69.75	\$64.75	\$50.00 to 53.00	\$48.00
Boise.....	62.35 to 65.35	54.10	50.60 to 53.60	48.60
Mexico City..	64.60 to 67.60	53.15	50.00 to 53.00	48.00
Butte.....	54.40 to 57.40	52.40	50.00 to 53.00	48.00
Tonopah.....	77.35 to 80.35	75.35	60.60 to 63.60	58.60
Portland, Ore..	65.00 to 68.00	53.50	50.00 to 53.00	48.00
El Paso.....	54.85 to 57.85	51.45	50.00 to 53.00	48.00
Ogden.....	54.40 to 57.40	52.40	50.00 to 53.00	48.00
Spokane.....	63.70 to 66.70	53.00	50.00 to 53.00	48.00
Seattle.....	65.00 to 68.00	53.50	50.00 to 53.00	48.00
Vancouver....	65.00 to 68.00	53.50	50.00 to 53.00	48.00

Colonist fares are lower than regular immigrant fares, and immigrant-colonist fares are lower than all others. The immigrant colonist fare from New York to San Francisco, for example, is less than the lowest regular domestic fare by from \$18.75 to \$21.75, is less than the regular immigrant fare by \$16.75, and the colonist fare by from \$2 to \$5.

¹ Statement of C. L. Hunter, April 19, 1910; Joint Immigrant Tariff No. 13 and Supplement No. 14; Joint Passenger Tariff No. 53; Joint Immigrant-Colonist Tariff, I. C. C. A-22; Joint Colonist Passenger Tariff, I. C. C. No. A-20.

IMMIGRANT, COLONIST, AND SECOND CLASS

THE SECOND-CLASS SERVICE

There is no definite second-class passenger service generally recognized throughout the United States, as there is in European countries. In Great Britain also second class is gradually being discontinued. So-called second-class tickets, however, are sold by various American railways at a reduction of from nine to twenty per cent from the fares for regular first-class tickets, and they entitle the purchaser to such service as the lines individually offer for the reduced fare.

Until recently the trunk lines sold second-class tickets, which entitled the passengers to a seat either in the smoking car or in the regular day coach. Second-class ticket holders could not secure accommodations in the "Pullman" cars. Such tickets have been abolished in trunk line territory. At present, however, a "mixed-class" ticket is sold to certain points in British Columbia, Nevada, Oregon, Washington, and California, which entitles the holder to *first-class*¹ service over the trunk lines to Missouri River gateways (Council Bluffs, Omaha, Plattsmouth, St. Joseph, Atchison, Leavenworth, or Kansas City), St. Paul, Minneapolis, Duluth, Port Arthur, St. Louis, Hannibal (except via Missouri River gateways named above), Memphis, Shreveport, or New Orleans, and to *second-class* service thence to destination. The second-class service beyond the western gateways is provided in special second-class cars or in smoking cars.

The difference between regular first-class and mixed-class fares from New York is shown by the following comparisons:

¹ Statement of C. L. Hunter, April 19, 1910.

THE PASSENGER SERVICE

DESTINATION. ¹	First-class fares.	Mixed-class fares.
Los Angeles, Cal.....	\$76.75 to \$79.75	\$66.75 to \$69.75
Reno, Nev.....	76.10 to 79.10	66.75 to 69.75
Nelson, B. C.....	67.35 to 70.35	65.00 to 68.00
Portland, Ore.....	73.90 to 76.90	65.00 to 68.00
Seattle, Wash.....	73.90 to 76.90	65.00 to 68.00

The railroads of New England in their strictly railroad service handle no second-class business. The New York, New Haven & Hartford Railroad, however, in connection with its steamship lines, provides a second-class service² corresponding to that of the steamboats. The second-class tickets sold over the rail-and-water routes are good only on immigrant and local business, are limited to continuous passage and usually to the day of purchase, and they permit of no stop-overs.

Second-class fares are regularly in effect from New England to the west, and second-class tourist cars are operated weekly by the different lines in connection therewith. This service has been in effect for a great many years, and there is a continued demand for it which does not exist in any other section of the eastern country.

In the territories of the Western and Southwestern Passenger Associations no second-class service is rendered between local points. As in trunk line territory, however, tickets are sold to destinations west of the Missouri River and St. Paul, which entitle the purchaser to first-

¹ Statement of C. L. Hunter, April 19, 1910.

² New England Nav. Co., Second-class Fares between New York and Eastern Terminal Ports and to Points on the N. Y., N. H. & H. R. R., I. C. C. No. 78, effective May 1, 1908; N. Y., N. H. & H. R. R. Joint Passenger Tariff of Second-class Fares to New York via New England Nav. Co., Fall River Line, or Norwich Line, I. C. C. A-656, effective May 1, 1909.

IMMIGRANT, COLONIST, AND SECOND CLASS

class service up to the Missouri River crossings or St. Paul and to second-class beyond. The chairman of the Southwestern Passenger Association states "that so far as this territory is concerned there is hardly enough of the purely second-class travel to warrant any very extended mention of the subject."¹

In the territory west of the Missouri River and St. Paul considerable second-class business is handled. It, however, is usually limited to long-distance, through travel, and the nature of the service varies. At some points special second-class cars are provided, and at others the second-class ticket is valid in smoking cars. Limited trains are sometimes excluded from second-class service. At still others, the passengers in traveling very long distances are provided with reclining-chair cars, the only difference between first and second-class tickets being that the latter do not permit the holder to travel in sleeping or parlor cars.

Second-class tickets are sold generally throughout the west to the eastern seaports, which are mostly availed of by persons coming originally from foreign countries to America and who are returning to their native land either on a visit or to remain there. These movements are particularly heavy in the Spring and Fall of the year.

In some sections of the country second-class tickets permit passengers to travel in tourist sleeping cars. These cars differ from the standard sleeping cars in that they are fitted with leather or cane instead of upholstered seats, contain no carpets, are somewhat less elegantly furnished, and frequently contain no smoking compartment. Tourist car berths, however, are sold at fifty per cent less than the

¹ Statement of June 16, 1910.

THE PASSENGER SERVICE

berths in standard sleeping cars; which is sufficient saving to induce many passengers to travel in such cars.

REFERENCES

1. C. L. Hunter, Vice-Chairman, Trunk Line Association, Statement on Immigrant and Second-class Fares, April 19, 1910.

2. Immigrant Clearing House, Joint Tariff No. 13, I. C. C. No. 85. Immigrant Fares from Boston, New York, Philadelphia, and Baltimore. Effective May 1, 1906. Also Supplements 4 and 14.

3. S. A. Hughes, "The Railway Immigration Department," in *Railway World*, December 17, 1904.

4. C. L. Hunter, Agent, Joint Colonist Passenger Tariff, I. C. C. No. A-20, effective February 28 to April 14, 1910.

5. C. L. Hunter, Agent, Joint Immigrant Colonist Passenger Tariff, I. C. C. No. A-22, effective February 28 to April 14, 1910.

6. New York, New Haven & Hartford R. R., Joint Passenger Tariff of One-way Immigrant Fares from New York to Principal Destinations in Connecticut, Maine, Massachusetts, New Brunswick, Newfoundland, New Hampshire, New York, Nova Scotia, Quebec, Rhode Island, and Vermont, I. C. C. No. A-795, effective May 1, 1910.

7. C. L. Hunter, Agent, Joint Passenger Tariff No. 53, containing First and Mixed Class Fares from New York, Jersey City, Hoboken, and Weehawken to Points in United States, Canada, Mexico, Cuba, and Central America, I. C. C. No. A-15, effective December 1, 1909. Also Supplements Nos. 1 to 3.

8. United States Commissioner-General of Immigration, Annual Report, 1909, pp. 111-114 (Washington, 1909).

CHAPTER XXXI

THE BAGGAGE SERVICE

Baggage defined—Carrier's liability—Organization of baggage service—Baggage checks and accounting blanks, description and forms—The work of the train baggage master, forms used—Checking system in Great Britain and on the continent of Europe—References.

DEFINITIONS AND LIABILITY

BAGGAGE consists of articles for the personal use or convenience of the passenger en route and at his destination. Ordinarily it consists of wearing apparel and personal effects, but numerous other items are recognized by the courts as sufficiently allied to personal use and convenience to be classed as baggage. Merchandise or samples are also handled as baggage if not intended for sale. Baggage must be presented in some convenient form, such as "trunks, telescopes, suit cases, traveling bags, valises, satchels, leather hat boxes, or other proper and safe receptacles provided with handles, securely locked or otherwise fastened, or sailors' or emigrants' bags, or bundles properly wrapped and roped and of sufficient strength and durability to withstand the ordinary handling and transferring incident and necessary to their transportation." Provision is also made for bicycles, baby cabs, camp equipage, athletic paraphernalia, tool chests, and other special articles.

The liability of the company in case of loss or damage

THE PASSENGER SERVICE

is threefold: (1) During travel and for a reasonable time after arrival of baggage at destination, the liability is that of a common carrier, and covers all accidents except those beyond the carrier's control. (2) After a reasonable time following arrival at destination, the company becomes liable as a warehouseman. As such, it is required to take "reasonable care," and is held only in case of negligence. (3) In certain instances, the railway is liable merely as a gratuitous bailee. This is the form of liability in case the passenger stops over at an intermediate station without consent of the company but permits the baggage to continue on its journey; in case the baggage is accepted with the understanding that the passenger will travel but finally does not; or in general "when an article is carried as baggage by mistake or the like, and no compensation is received for it."

It is a common practice to limit the company's liability for baggage to one hundred or one hundred and fifty dollars upon a full ticket, and fifty or seventy-five dollars upon a half ticket. A provision may also be inserted in the ticket contract limiting the company's liability to its own line. Without such special contract any of the carriers, in case of a through ticket, may be held for loss or damage occurring anywhere on the through route.

The usual rule is that 150 pounds of baggage as above defined is checked "free" of charge for each full ticket, and seventy-five pounds for each half ticket. On some tickets, however, such as trans-Pacific or around-the-world tickets, the passenger is generally allowed a larger free weight. The Interstate Commerce Act (Section 22) specifies that the Commission may not prevent special privileges as to the amount of free baggage allowed on mileage tickets of 1,000 or more miles. In addition the passenger may

THE BAGGAGE SERVICE

carry hand baggage free of charge, but for this the railway is usually not liable except in case of gross negligence. The maximum weight of single pieces of baggage is, as a rule, limited to 250 pounds.

ORGANIZATION OF BAGGAGE SERVICE

The general officer in charge of the baggage service is the General Baggage Agent, whose office force is part of the General Passenger Traffic Department. On a representative line, such as the Pennsylvania Railroad, he is directly responsible to the Passenger Traffic Manager. Among his leading duties are (1) to issue baggage checks, (2) to give instructions to station and train baggage agents or masters, (3) to receive reports from these agents on all baggage handled, (4) to settle claims for baggage lost or damaged, and (5) to have general supervision over the entire service.

The work at the stations is performed by the Station Baggage Agent, and that in the baggage cars by the Train Baggage Master. Both are employees in the Transportation or Operating Department. The former is directly responsible to the Division Superintendent, but is subject to orders of Station Masters or Station Agents, and must conform to instructions issued by the General Baggage Agent and Accounting Department. The latter is directly responsible to the Train Master, but while on duty must obey the Train Conductor and, at stations, the Station Master. He, likewise, receives instructions from the General Baggage Agent and Accounting Department.

WORK OF STATION BAGGAGE AGENT

In the early days of American railroading the baggage problems were simple. Traffic was light, and passengers

THE PASSENGER SERVICE

carried merely a few belongings, mainly as hand luggage. As the amounts of baggage increased, a special service was introduced. Baggage checks, however, were at first unknown, and at the end of each individual railway line the passenger personally selected his baggage from a platform or baggage room and transferred it to the connecting railway. To a large extent the passenger was his own baggage-man, as he had previously been on the stage coach and canal boat. The present practice of granting a maximum amount of free baggage grew out of the early custom of carrying small amounts of baggage free. The belongings which the traveler carried were an essential part of his outfit, for which the railway expected no extra pay, and even though a special baggage service was gradually introduced at much expense, the old custom continued.

To facilitate the handling of large quantities of baggage, "checks" were used. The prevailing type for local travel



FORM 1.

was the "brass check" (Form 1), each of which bore a separate number, and was attached to the baggage with a leather strap. Each had a duplicate, which was given to

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the passenger as a receipt and presented by him at destination. Each station had its special number, and at first this number was chalked upon the baggage to indicate the destination. The chalk mark led to so many errors that a paste-board tag containing the station number was later fastened to the check strap.

In carrying interline baggage the so-called "reversible check" (Form 2) was used. This was also made of brass or

A rectangular baggage tag with a double horizontal line at the top and bottom. The text is centered and reads: "ST. LOUIS" in large bold letters, "TO" in smaller bold letters, "MILWAUKEE" in large bold letters, "C. & A." in smaller bold letters, "C. & N. W." in smaller bold letters, and "X 149 X" in the center with "X" on either side.

FORM 2.

A rectangular baggage tag with a double horizontal line at the top and bottom. The text is centered and reads: "BETWEEN" in small bold letters, "ST. LOUIS" in large bold letters, "AND" in small bold letters, "MILWAUKEE" in large bold letters, "149" in medium bold letters, "C. & A." in medium bold letters, and "C. & N. W." in medium bold letters.

FORM 3.

other metal, but indicated the through route. One side of it would, for instance, read from New York to Omaha and contain the initials of all lines over which the baggage was to move. The reverse side of it would read from Omaha to New York and repeat the route initials. The Omaha agent, upon receipt of this on baggage from New York, would retain it until he had occasion to use it in sending baggage to New York. The passenger was given a duplicate as a receipt and means of obtaining his baggage (Form 3).

A matter of special difficulty was the collection of excess baggage. For a time it was the practice of each railway to

THE PASSENGER SERVICE

retain all excess collected; and, even then, there was the difficulty of keeping check upon the baggage agent. When attempt was made to prorate the excess between all the lines of a through route the difficulties were multiplied, and various methods were devised to accomplish this end. Some companies issued a receipt to the passenger upon payment of the excess, with the request that it be presented to the agent at destination with the duplicate check, but it proved inadequate because the average passenger failed to present the receipt. Another device was an "excess baggage waybill," indicating the amount of excess, the amount paid, and the charges, if any, due. It was attached to the baggage with the brass check, and in addition a red label bearing the words "Baggage Traffic" was sometimes pasted to the baggage to warn the agent at destination in case the waybill had been removed or lost. This, likewise, was cumbersome and placed no certain check upon the Forwarding Agent.

Baggage Checks.—The brass check method of checking baggage proved to be expensive and unwieldy. Samples of each issue of passenger tickets were sent to the General Baggage Agent, who issued checks corresponding to them between all the various stations. There were many independent lines, and but few of them called for and sold the many tickets issued. As a result, baggage rooms were congested with large numbers of unused checks, the cost of which was about \$8 for each hundred. Some companies still use metal, but most of them have adopted *card checks*.

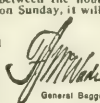
Card baggage checks are mainly of five kinds—local, interline or coupon, local excess, foreign excess, and C. O. D. The *local check* (Form 4) is used on baggage not destined beyond the issuing line and not in excess of the free baggage allowance. It consists of two parts, each of which

THE BAGGAGE SERVICE

bears the same number, and, like a skeleton ticket, the destination, and sometimes the starting point, is filled in by the Baggage Agent. The portion marked "strap" or "tag" goes with the baggage, while the "duplicate" is

Patented June 23d, 1906.		PENN'A		R.R.CO.	
LOCAL		TO		TAG CHECK	
PHILADELPHIA, PA.					
TO					
PENNSYLVANIA STATION, NEW YORK					
7th Ave. and 32d St.					
(Storage Stamps)					
FRAGILE	Description of Ticket.....				BAD ORDER
	Issued by..... R.R.				
	From..... No.....				
P. R. R.		SERIES P			
0-02-60					
(OVER)					
Description and condition of Baggage when checked as indicated by PUNCH MARKS					
TRUNK	VALISE	FRAGILE	BAD ORDER		
LOCAL			DUPLICATE CHECK		
PENNSYLVANIA R. R. CO.					
PHILADELPHIA, PA.					
TO					
PENNSYLVANIA STATION, NEW YORK					
7th Ave. and 32d St.					
P. R. R.		SERIES P			
0-02-60					
(OVER)					

FORM 4.

Patented	August 22d, 1905
Passenger's Receipt Paid at	for Storage Charges destination.
DATE RECEIVED:	
.....A.M. ....P.M.	
DATE DELIVERED:	
.....A.M. ....P.M.	
No. Pieces.....	
Passengers will please see that stamps to the equivalent of amount paid are attached to the reverse side of this check, and canceled.	
NOTICE TO PASSENGERS.	
Liability for baggage limited to \$100.00. Baggage not called for, and remaining on hand more than twenty-four hours, is subject to a charge for storage of 25 cents for the first day thereafter or fraction, and 10 cents for each succeeding day. Maximum charge for one month \$1.00.	
When baggage arrives between the hours of 12 Noon Saturday and 12 Noon Sunday, it will be held without charge until 12 Noon Monday. This rule will also apply to legal holidays. Agents are required to attach stamps to the face of the tag check representing any amount paid for storage.	
 General Baggage Agent	

BACK OF FORM 4.

given to the passenger as a receipt and a means of claiming the baggage at destination. A variation of this is the inter-divisional check, issued by some railways in handling baggage passing from one grand division to another.

The *interline or coupon check* (Form 5) is similar to

THE PASSENGER SERVICE

the local check, but contains spaces in which the agent writes the route as shown by the passenger's ticket. Some of them contain three instead of two coupons, one going

Patented June 23d 1906	
PENN'A	R. R. CO.
FOREIGN	TAGCHECK
From.....	
To.....	
Via Penn'a	JUNCTION POINTS
.....
.....
.....
FRAGILE	Description of Ticket.....
	Issued by..... R. R.
Form.....	No.....
P. R. R.	SERIES D
1-23-79	
Description and condition of baggage when checked as indicated by PUNCH MARKS	
TRUNK	VALISE
FRAGILE	BAD ORDER
DUPLICATE PENNSYLVANIA R. R. CO. <small>LIABILITY FOR BAGGAGE LIMITED TO \$100.</small>	
From.....	
To.....	
Via Penn'a.....	
.....	
.....	
P. R. R.	SERIES D
1-23-79	

FORM 5.

with the baggage, another being given to the passenger, and a third being retained by the Forwarding Agent.

The difficulties of collecting excess baggage were largely solved by introducing the *excess baggage check*. It is a com-

<p><small>Patented June 24, 1903.</small></p> <p>PENN'A</p> <p>Local Excess</p> <p>MONONGAHELA CITY, PA.</p> <p>To.....</p> <p>Excess Weight..... Am't \$.....</p> <p>(STORAGE STAMP)</p> <div style="display: flex; justify-content: space-between; margin-top: 20px;"> <div style="border: 1px solid black; padding: 2px; width: 40%;">FRAGILE</div> <div style="border: 1px solid black; padding: 2px; width: 40%;">BAD ORDER</div> </div> <p>P. R. R. SERIES B</p> <p style="font-size: 2em; font-weight: bold; text-align: center;">00-00-00</p> <p style="text-align: center; font-size: 0.8em;">(OVER)</p> <hr/> <p style="font-size: 0.8em; text-align: center;">DESCRIPTION AND CONDITION OF BAGGAGE WHEN CHECKED AS INDICATED BY PUNCH MARKS</p> <table border="1" style="width: 100%; border-collapse: collapse; text-align: center;"> <tr> <td style="width: 25%;">TRUNK</td> <td style="width: 25%;">VALISE</td> <td style="width: 25%;">FRAGILE</td> <td style="width: 25%;">BAD ORDER</td> </tr> </table> <div style="display: flex; justify-content: space-between; margin-top: 5px;"> <p>LOCAL EXCESS</p> <p>DUPLICATE CHECK</p> </div> <p>PENNSYLVANIA R. R. CO.</p> <p>MONONGAHELA CITY, PA.</p> <p>To.....</p> <p>Excess Weight..... Am't \$.....</p> <p>No. Tickets..... No. Pieces.....</p> <p>Date..... 190</p> <p>P. R. R. SERIES B</p> <p style="font-size: 2em; font-weight: bold; text-align: center;">00-00-00</p> <p style="text-align: center; font-size: 0.8em;">(OVER)</p> <hr/> <p style="text-align: center; font-weight: bold;">AGENT'S STUB.</p> <p style="text-align: center;">Local Excess Baggage.</p> <p style="text-align: center;">MONONGAHELA CITY, PA.</p> <p>To.....</p> <p>No. Tickets..... Rate.....</p> <p>Excess Weight..... Am't \$.....</p> <p>Date of issue..... 190</p> <p>P. R. R. SERIES B</p> <p style="font-size: 2em; font-weight: bold; text-align: center;">00-00-00</p>	TRUNK	VALISE	FRAGILE	BAD ORDER	<p style="text-align: right;">August 22d, 1905.</p> <p>Passenger's Receipt for Storage Charges</p> <p style="text-align: center;">Paid at..... destination.</p> <hr/> <p style="text-align: center; font-weight: bold;">DATE RECEIVED:</p> <p style="text-align: center;">..... A. M. P. M.</p> <p style="text-align: center; font-weight: bold;">DATE DELIVERED:</p> <p style="text-align: center;">..... A. M. P. M.</p> <p>No. Pieces.....</p> <p style="font-size: 0.8em;">Passengers will please see that stamps to the equivalent of amount paid are attached to the reverse side of this check, and canceled.</p> <hr/> <p style="text-align: center; font-weight: bold;">NOTICE TO PASSENGERS.</p> <p style="text-align: center; font-size: 0.8em;">Liability for baggage limited to \$100.00.</p> <p style="font-size: 0.8em;">Baggage not called for, and remaining on hand more than twenty-four hours, is subject to a charge for storage of 25 cents for the first day thereafter or fraction, and 10 cents for each succeeding day. Maximum charge for one month \$1.00.</p> <p style="font-size: 0.8em;">When baggage arrives between the hours of 12 Noon Saturday and 12 Noon Sunday, it will be held without charge until 12 Noon Monday. This rule will also apply to legal holidays.</p> <p style="font-size: 0.8em;">Agents are required to attach stamps to the face of the tag check representing any amount paid for storage.</p> <div style="text-align: right; margin-top: 10px;"> <p style="font-size: 0.8em;">General Baggage Agent</p> </div> <hr/> <p style="text-align: center; font-weight: bold;">NO COLLECTION</p> <p>Prepaid Certificate No.</p> <p>Pass.....</p> <p>Special Order.....</p>
TRUNK	VALISE	FRAGILE	BAD ORDER		

FORM 6.

BACK OF FORM 6.

Patented June 25d, 1908

**PENN'A
FOREIGN**

**G. B. A. 99
R. R. CO.
Excess
Baggage**

JERSEY CITY, N. J.

To _____

Via Penna. _____

No. Tickets _____ No. Pieces _____

Excess Wt. _____ Amt. \$ _____

P. R. R. _____

JUNCTION POINTS

SERIES A

01-23-45

LIABILITY FOR BAGGAGE LIMITED TO \$100
Description and condition of baggage when checked
as indicated by PUNCH MARKS

TRUNK	VALISE	FRAGILE	BAD ORDER
-------	--------	---------	-----------

**EXCESS
BAGGAGE**

**DUPLICATE
CHECK**

**PENNSYLVANIA RAILROAD CO.
JERSEY CITY, N. J.**

To _____

Via Penna. _____

Excess Wt. _____ Amt. \$ _____

Date _____ 19 _____

P. R. R. _____

01-23-45

P. R. R. CO.—FOREIGN EXCESS—AGENT'S STUB

Date _____ 19 _____

JERSEY CITY, N. J.

To _____

Via Penna. _____

Check }
Nos. }

No. of Tickets _____

Excess Wt. _____ Amt. \$ _____

P. R. R. _____

01-23-45

SERIES A

FORM 7.

Patented June 25d, 1908

**PENN'A
FOREIGN**

Form G. B. A. 102

**R. R. CO.
TAG CHECK**

C. O. D.

\$ _____ on Baggage bearing this and
Checks Nos. _____

BALTIMORE (Union Station)

To _____

Via Penna. _____

JUNCTION POINTS

P. R. R. _____ **SERIES A**

X-00-00-00 (OVER)

Description and Condition of Baggage when
checked as indicated by PUNCH MARKS

TRUNK	VALISE	FRAGILE	BAD ORDER
-------	--------	---------	-----------

**DUPLICATE
CHECK**

**C. O. D.
PENNSYLVANIA RAILROAD CO.**

Date _____ 19 _____

\$ _____ on Baggage bearing this and
Checks Nos. _____

BALTIMORE (Union Station)

To _____

Via Penna. _____

Number of Passengers _____

Passenger holds Duplicate Check

P. R. R. _____ **SERIES A**

X-00-00-00 (OVER)

P. R. R. CO.—C. O. D.—AGENT'S STUB

Date _____ 19 _____

BALTIMORE (Union Station)

To _____

Via Penna. _____

\$ _____ for _____ lbs. Excess Weight

\$ _____ Storage for _____

\$ _____ Transfer for _____

\$ _____ Adv. Chg. _____

\$ _____ Total _____

Number of Passengers _____

Check Nos. _____

No. and kind of Check detached if any _____

P. R. R. _____ **SERIES A**

X-00-00-00 (OVER)

FORM 8.

Passenger holds Duplicate Check

This card is a duplicate check for piece of
baggage bearing corresponding Tag Check, and
a notification of the amount of charges that
must be paid at destination before baggage will
be delivered. The amount should be credited
as follows:

\$ _____ for _____ lbs. Excess Weight

\$ _____ Storage for _____

\$ _____ Transfer for _____

\$ _____ Adv. chg. _____

Liability for baggage limited to \$100.00.

TO AGENTS.

Agents will be held strictly accountable for
the proper filling up of these cards, so that
they will be fully understood by all concerned.

The route and destination on each coupon
must exactly correspond with the route and
destination of the passage ticket on which the
baggage is checked.

In cases where passenger is ahead of baggage,
Agents will detach one of the Tag Checks and
use a C. O. D. check instead, enclosing the
duplicate C. O. D. check to the Agent at desti-
nation in envelope Form 146 (with advice
sheet Form 15) attaching same to the Strap
Check of baggage.

Carefully note in the spaces provided on the
Tag and Duplicate Checks the kind and number
of the check held by the passenger. In case
the C. O. D. duplicate is given to the passen-
ger, no notation in this space is necessary; it
simply draw a line through it.

General Baggage Agent

BACK OF FORM 8.

Patented June 25, 1908. Form G.B.A. 100

PENNA LOCAL **R. R. CO. TAG CHECK**

C. O. D.

\$ _____ on Baggage bearing this and
Checks Nos. _____

DESBROSSES ST., NEW YORK

To _____

(STORAGE STAMPS)

FRAGILE **BAD ORDER**

P. R. R. SERIES A

Y-00-00-00 (OVER)

Description and Condition of Baggage when checked as indicated by PUNCH MARKS:

TRUNK	VALISE	FRAGILE	BAD ORDER
-------	--------	---------	-----------

DUPLICATE C. O. D. CHECK

PENNSYLVANIA RAILROAD CO.

Date _____ 19 _____

\$ _____ on Baggage bearing this and
Checks Nos. _____

DESBROSSES ST., NEW YORK

To _____

Number of Passengers _____

Passenger holds Duplicate Check.

P. R. R. SERIES A

Y-00-00-00 (OVER)

PENNSYLVANIA RAILROAD CO.
C. O. D.
AGENT'S STUB.

Date _____ 19 _____

DESBROSSES ST., NEW YORK

To _____

\$ _____ for _____ lbs. Excess Weight

\$ _____ Storage for _____

\$ _____ Transfer for _____

\$ _____ Adv. Chg. _____

\$ _____ Total.

Number of Passengers _____

Check Nos. _____

No. and kind of Check detached if any _____

P. R. R. SERIES A

Y-00-00-00 (OVER)

FORM 9.

Patented August 25, 1905

Passenger's Receipt Paid at _____ for Storage Charges destination.

DATE RECEIVED:

_____ A.M. _____ P.M.

DATE DELIVERED:

_____ A.M. _____ P.M.

Passengers will please see that stamps to the equivalent of amount paid are attached to the reverse side of this check, and canceled.

Passenger holds Duplicate Check _____

This card is a duplicate check for piece of baggage bearing corresponding Tag Check, and a notation of the amount of charges that must be paid at destination before baggage will be delivered. The amount should be credited as follows:

\$ _____ for _____ lbs. Excess Weight

\$ _____ Storage for _____

\$ _____ Transfer for _____

\$ _____ Adv. chg. _____

Liability for baggage limited to \$100.00.

Baggage not called for and remaining on hand more than twenty-four hours, is subject to a charge for storage of 25 cents for the first day thereafter or fraction, and 10 cents for each succeeding day. Maximum charge for one month \$1.00.

When baggage arrives between the hours of 12 Noon Saturday and 12 Noon Sunday, it will be held without charge until 12 Noon Monday. This rule will also apply to legal holidays.

Agents are required to attach stamps to the face of the tag check representing any amount paid for storage.

J. M. M.
General Baggage Agent.

TO AGENTS

Agents will be held strictly accountable for the proper filling up of these cards, so that they will be fully understood by all concerned.

The route and destination on each coupon must exactly correspond with the route and destination of the passage ticket on which the baggage is checked.

In cases where passenger is ahead of baggage, Agents will detach one of the Tag Checks and use a C. O. D. check instead, enclosing the duplicate C. O. D. check to the Agent, at destination, in envelope Form 146 (with advice sheet Form 15) attaching same to the Strap Check of baggage.

Carefully note in the spaces provided on the Tag and Duplicate Checks the kind and number of the check held by the passenger. In case the C. O. D. duplicate is given to the passenger no notation in this space is necessary; simply draw a line through it.

J. M. M.
General Baggage Agent.

BACK OF FORM 9.

THE BAGGAGE SERVICE

bined receipt and baggage check, which keeps the required tally upon the Forwarding Agent because the passengers must preserve the duplicate and present it to the agent at destination in order to obtain possession of their baggage. The *local excess* (Form 6) and *foreign excess* (Form 7) baggage checks differ in the same way that local and inter-line baggage checks differ. They are used in checking bicycles, baby cabs, dogs, peddlers' packs, other special articles, and all baggage exceeding the maximum free weight.

The excess baggage rates are made by the General Baggage Agent; and tariffs, signed by him and the General

Form Q-2

Requisition for Baggage Checks and Cards must be made on this Form before the supply on hand is exhausted. Requests must not be made by Telegraph, except when absolutely unavoidable.

Philadelphia & Reading Railway Company



Station

19

GENERAL BAGGAGE AGENT,
Reading Terminal, Philadelphia.

Dear Sir:

The following named Baggage Checks and Cards
are required at this Station.

QUANTITY REQUIRED	FORM	DESCRIPTION	QUANTITY ON HAND

Agent.

(AGENTS WILL NOT FILL IN HERE.)

No. Requisition filled 19 Packages By

FORM 10.

Passenger Agent and Passenger Traffic Manager, are filed with the Interstate Commerce Commission. The rates are a certain proportion, at present generally 16 $\frac{2}{3}$ per cent of the passenger fare per hundred pounds. Agents are pro-

THE PASSENGER SERVICE

vided with tables showing computed excess baggage rates and with instructions what to do in exceptional cases.

On some railways *prepaid permits* or *prepaid excess baggage certificates* are sold, which entitle the passenger to free checking on the number of pounds indicated. This enables the traveling man to pay all excess at one time. A drummer going from Denver to Portland, and stopping at various cities en route, purchases a permit to Portland, and, instead of paying excess baggage each time, presents the permit for the agent's signature. At the stopping point nearest to Portland, it is retained by the agent and sent to the General Baggage Agent. Some companies, likewise, sell excess coupon books containing *scrip*. Each coupon represents five cents, and the scrip book is sold at less than face value.

C. O. D. checks (Forms 8 and 9) are used in case the passenger for some valid reason wishes to pay excess baggage, storage, transfer, or some other charge at destination instead of paying at the starting point. The original check is forwarded to the agent at destination, and indicates the amounts to be collected, number of passengers, date of issue, and number of baggage checks. A duplicate is given to the passenger and a strap check is attached to the baggage. Wherever possible, however, excess charges are collected at the point of shipment.

All baggage checks are sent upon *requisition* (Form 10), with invoice, to the Station Baggage Agent in the same way that tickets are invoiced to the ticket agent, so that each check must be accounted for by the agent who signed the invoice. In case the passenger loses his duplicate, he must apply for baggage on an *application blank* (Form 11), to identify it in a manner satisfactory to the agent, pay a fixed sum, usually twenty-five or fifty cents, to cover the

PENNSYLVANIA RAILROAD COMPANY

PHILADELPHIA, BALTIMORE & WASHINGTON RAILROAD COMPANY
NORTHERN CENTRAL RAILWAY COMPANY
WEST JERSEY & SEASHORE RAILROAD COMPANY

APPLICATION FOR BAGGAGE OR PARCEL FOR WHICH DUPLICATE CHECKS HAVE BEEN LOST OR MISLAID

Checked { *From or*
At

Date.....191.....

Description of article (with marks, if any)

List of principal contents and accurate description

Signed,.....*Owner*

Address.....

THIS FORM MUST BE FILLED OUT BEFORE BAGGAGE OR PARCEL IS SHOWN TO CLAIMANT

FORM 11.

PENNSYLVANIA RAILROAD COMPANY—RECEIPT FOR LOST CHECKS PHILADELPHIA, BALTIMORE & WASHINGTON RAILROAD COMPANY NORFOLK & WEST VIRGINIA RAILROAD COMPANY WEST JERSEY & SEASHORE RAILROAD COMPANY

Station.....
 191.....

Received of the PENNSYLVANIA RAILROAD COMPANY the following described articles

consisting of.....
 marked..... after describing contents,
 opening and proving same to be my property,.....
 Check No..... having been lost by me.
 Signed,..... Owner
 Address,.....

*The above-mentioned Baggage was fully described and property proved by owner before it was delivered by me,
 and..... Cents received for Lost Check.*


Baggage } Agent
 Parcel }

This Receipt must be signed by all parties who have lost their checks, or hold mismatched checks. In case of mismatched checks, no collection should be made.
 Agents will collect 25 cents for lost baggage checks and issue excess check to cover. Agents will collect 10 cents for lost parcel checks.

FORM 12.

THE BAGGAGE SERVICE

loss, and sign a *receipt for lost checks* (Form 12). This receipt, together with the strap check, are forwarded to the General Baggage Agent or direct to the Accounting De-

Patented Aug. 22, '05 Allen, Lane & Scott.	E-10-A-4-22-08
	
PASSENGER'S RECEIPT FOR STORAGE CHARGES	
BROAD STREET STATION, PHILA.	
DATE RECEIVED:	
DATE DELIVERED:	
..... A. M.	
..... P. M.	
No. Pieces	
Check Nos.	
.....	
Passengers will please see that stamps to the equivalent of amount paid are attached to the back of this card and cancelled.	
H	89040

FORM 13.

partment. In case checks are mismatched, the passenger must identify the baggage in the same way and sign a *receipt for mismatched checks*. This receipt, the mis-

THE PASSENGER SERVICE

matched duplicate, and the strap check are then sent to the General Baggage Agent.

Storage Charges.—After baggage has been stored free at its destination for a certain number of hours, usually

N. C. R. R. Co.		G. B. A. C. I. Claim Tag Check	
STATION			
(STORAGE STAMPS)			
N. C.	35-67		SERIES A
(OVER)			
NORTHERN CENTRAL R. R. CO. Duplicate Claim Check			
STATION			
24 HOURS OR LESS, (PAYABLE IN ADVANCE), 5 CENTS LIMIT OF LIABILITY \$25.00. FRAGILE ARTICLES RECEIVED AT OWNER'S RISK			
N. C.	35-67		SERIES A
(OVER)			
NORTHERN CENTRAL R. R. CO. CLAIM CHECK AUDITOR'S STUB.			
STATION			
N. C.	35-67		SERIES A

Patented	August 27th 1905.
Passenger's Receipt for	Storage Charges Paid
DATE RECEIVED:	
A. M. P. M.	
DATE DELIVERED:	
A. M. P. M.	
Passengers will please see that stamps equivalent to the amount paid for storage accruing after the first 24 hours are attached to the reverse side of this check and cancelled	
ISSUED	190
A. M. P. M.	
NOTICE	
Any article remaining on hand more than 24 hours is subject to a charge for storage of 10 cents for each additional 24 hours, or less, except that articles received between the hours of Noon Saturday and Noon Sunday will be held without additional charge until Noon Monday. This rule also applies to legal holidays. Maximum charge for one month \$1 00.	
Agents are required to attach stamps to the face of the tag check, representing any amount paid for storage	

FORM 14.

BACK OF FORM 14.

(Used for hand baggage temporarily left at station.)

twenty-four, a storage charge is imposed of twenty-five cents for the first day and ten cents for each succeeding day. Frequently a *storage poster*, showing time of arrival,

THE BAGGAGE SERVICE

is pasted on the baggage when not delivered within twenty-four hours. Upon delivery, charges are computed, and *storage receipt* issued, distinct foreign and local forms being used (Forms 4 and 13). Storage stamps which are invoiced to the baggage agents, are attached for the amount due. Other companies attach a special *storage check* or tag to the baggage, one portion of which is immediately sent to the Auditor of Passenger Receipts, while another portion, containing a table of charges, is punched and sent to him at the time of delivery to the passenger, and a third is given to the passenger as a receipt.

G. B. A. 11.

1917 6-18-07.

PENNSYLVANIA RAILROAD COMPANY.

**STATION BAGGAGE AGENT'S WAY-BILL
OF BAGGAGE FORWARDED.**

Train No.	Station	190
-----------	---------	-----

[illegible]

FORM 15.

Waybills, Records, and Reports.—Various methods of delivering baggage to the Train Baggage Master are in use. By one method the Station Baggage Agent enters the con-

THE PASSENGER SERVICE

secutive numbers and destinations of the checks in his *record book of baggage forwarded*, and at the time of delivery requires the signature of the Train Baggage Master for the gross number of pieces delivered. All baggage received is entered in a *book of baggage received*.

Under another plan, now widely adopted on lines with heavy traffic, the Station Baggage Agent makes out a *baggage waybill* (Form 15) giving the numbers of the checks and the destinations. This is compared with the baggage

<small>P. D. 1087</small> <small>Formerly G. B. & Co.</small>	PENNSYLVANIA RAILROAD COMPANY <small>PHILADELPHIA, BALTIMORE & WASHINGTON RAILROAD COMPANY</small> <small>NORTHERN CENTRAL RAILWAY COMPANY</small> <small>WEST JERSEY & SEASHORE RAILROAD COMPANY</small>	<small>1601 R. 2-19-19</small> <small>1914</small>	
BAGGAGE RECEIVED			
At		Station 19...	
Date	Name of Train	CHECK NUMBERS	REMARKS

FORM 16.

after it is received by the Train Baggage Master. The agent under this plan has a *baggage-received record book* (Form 16), but no record book of baggage forwarded other than carbon copies of the waybills.

Some companies, but not the Pennsylvania, require a *daily report* to the General Baggage Agent containing the numbers of the checks forwarded, description of the baggage, and destinations, also that collections be reported in the same way both to the General Baggage Agent and to the Auditor of Passenger Receipts. The Pennsylvania Railroad requires a *monthly report* (Form 17) to the Auditor, stating in detail the baggage business of the entire period.

MONTHLY REPORT OF MISCELLANEOUS PASSENGER RECEIPTS

Agents will be particular to enter all collections in regular order giving information required by headings and filling in the Summary on back and forward report in envelope 8570

Agent at	Office No	During	191
----------	-----------	--------	-----

ENTER NUMBER ON HAND AT BEGINNING AND CLOSE OF MONTH WHETHER SALES ARE MADE OR NOT

DESCRIPTION A	On Hand at Beginning of Month B	Rise and During Month C	TOTAL D	On Hand at Close of Month E	Number Sold F	Amount	
						Doll.	Cts.
Storage Stamps, 5c.							
" " 10c							
" " 25c.							
" " 60c							
"							
					TOTAL		

ENTER NUMBER ON HAND AT BEGINNING AND CLOSE OF MONTH WHETHER SALES ARE MADE OR NOT

DESCRIPTION A	On Hand at Beginning of Month B	Bred and During Month C	TOTAL D	On Hand at Close of Month E	Number Sold F
Package Stamps, 6c. Book					
" " 5c. Sheet					
" " 10c.					
" " 15c.					
					TOTAL

ENTER NUMBER ON HAND AT BEGINNING AND CLOSE OF MONTH WHETHER SALES ARE MADE OR NOT

DESCRIPTION	On Hand at Beginning of Month	Received During Month	TOTAL	On Hand at Close of Month	Number Sold		
Summer Excursion Books, 10c							

ENTER COMMENCING AND CLOSING NUMBERS WHETHER SALES ARE MADE OR NOT

DESCRIPTION	FORM	Serial	COMMENCING NO.	CLOSING NO.	NUMBER SOLD	RATE		
Claim Checks						5¢		
Mercantile Checks						5¢		

MILK AND CREAM TICKETS

ENTER FULL INFORMATION UNDER PROPER HEADINGS WHEN SALES ARE MADE

[illegible]

TRANSFER AND SPECIAL DELIVERY CHECKS

UNDER THIS HEADING REPORT ALL TRANSFER CHECKS ISSUED WITH OR WITHOUT VALUE, EXCEPT THOSE EXCLUSIVELY FOR TRANSFER OF PASSENGERS

[illegible]

EXCESS BAGGAGE

Report checks consecutively according to forms in following order: (1) Form 97 (2) Form 99 (3) C O D Checks Received (4) C O D Checks issued Form 102.

[illegible]

FORM 17. [Over.]

USE 8415 FOR CONTINUATION

[illegible][illegible]

	On Hand at Beginning of Month	Received During Month	TOTAL	On Hand at Close of Month	Number Sold	Company's Use	AMOUNT
Ropes							
Straps							
						TOTAL	

	FOR AGENT'S USE	FOR AUDITOR'S USE
Storage Stamps		
Package "		
Summer Excursion Books		
Claim Checks		
Mercantile Checks		
Milk and Cream		
Transfer and Special Delivery		
Excess Baggage		
C O D Storage		
Special O. P. R.		
Special Feature Tickets		
Ropes and Straps		
Total		

THIS REPORT MUST BE FORWARDED SO AS TO REACH OFFICE OF AUDITOR MISCELLANEOUS RECEIPTS AND ACCOUNTS NOT LATER THAN THE THIRD DAY OF THE FOLLOWING MONTH

[illegible]

BACK OF FORM 17.

Philadelphia & Reading Railway Company.

WEEKLY REPORT OF EXCESS BAGGAGE

FORWARDED from _____ Office, for Week Ending _____ 191_____

THE ROUTE OF ALL Excess Baggage forwarded must be entered in "route" column, and tickets must be reported consecutively. 37

[illegible]

FORM 18.

THE BAGGAGE SERVICE

Some companies require a *weekly report* (Form 18) of excess baggage, to be made to the Auditor of Passenger

G. B. A.—21	1407 8 51 1007
PENNSYLVANIA RAILROAD COMPANY Philadelphia, Baltimore & Washington Railroad Company Northern Central Railway Company West Jersey & Seashore Railroad Company	
REPORT OF Baggage Checked and Transferred and Collections Made	
At	Station
.....	Division
Month of	190
No. Pieces Checked	
No. Pieces Transferred from Foreign Lines	
No. Pieces Transferred to Foreign Lines	
No. Pieces Transferred Locally	
No. Pieces Received and not Transferred	
Excess Baggage Collections \$	
Baggage Storage Collections \$	
Parcel Storage Collections (C-1) \$	
Milk and Cream Collections \$	
Package Stamp Collections \$	
..... Baggage Agent	
..... 190	

FORM 19.

Receipts or other proper auditor. With some companies the daily report is dispensed with and the agent is required to make a condensed *monthly report* (Form 19) to the

THE PASSENGER SERVICE

General Baggage Agent and a detailed monthly report to the Auditor.

When baggage is received in bad order, the agent forwards to the General Baggage Agent a *report of baggage in*

G. B. A. 01

74B-10-27-08
4¼ x 6¾

Pennsylvania Railroad Company

PHILADELPHIA, BALTIMORE & WASHINGTON FAIRROAD COMPANY
NORTHERN CENTRAL RAILWAY COMPANY
WEST JERSEY & SEASHORE RAILROAD COMPANY

BAGGAGE DEPARTMENT.

Record of Baggage in Bad Order.

Date 190

Check Number,

From

To

First noticed at

Condition and Remarks,

.....

.....

.....

.....

.....

.....

Checkman or Porter.

FORM 20.¹

bad order (Form 20), which states in full the nature and cause of the bad order and attaches a *bad-order tag* to the

¹ This particular form is used only at Broad Street Station, Philadelphia.

THE BAGGAGE SERVICE

baggage (Form 21). Some companies require persons presenting baggage in bad condition either to repair the baggage or to sign a *release of liability* (Form 22) for any loss

P. O.—1064	1415—4-5-1909
Formerly G. B. A. 88	
BAD ORDER.	
OWNER'S RISK	

FORM 21.

or damage that may occur to such baggage. In case a duplicate check is presented for baggage not received a *baggage-short report* is made to the General Baggage Agent, and an *unclaimed-baggage report* (Form 23) is usually made at the end of each week.

WORK OF THE TRAIN BAGGAGE MASTER

The Train Baggage Master is in charge of the baggage car, and is responsible for all baggage from the time he receives it from the Forwarding Baggage Agent until its delivery to the Receiving or Junction Baggage Agent. Upon delivery to him the train baggage master of some lines is obliged to receipt for the baggage in the agent's record book of baggage forwarded for the gross number of pieces handled; but on others he is given a Station Agent's waybill and is not required to give a receipt. He checks this waybill with the individual pieces of baggage and in case of error makes immediate report to that effect.

The Train Baggage Master then makes out a *train bag-*

THE PASSENGER SERVICE

gage master's waybill (Form 24), one copy of which he retains as a record and another he puts off with the baggage. On railways which do not require a waybill, he has a record book of baggage received, and takes receipt from the baggage agents for all pieces delivered. In transferring at junction points he makes out a special transfer waybill, which is checked up by the junction agent or baggage master of the connecting line, and is then forwarded to the General Baggage Agent. At the end of the train's run he makes out a *train report* (Form 25), containing the essential facts as to each baggage check, and the points of receipt and destination. This is likewise sent to the General Baggage Agent.

The Train Baggage Master and Station Baggage Agent together perform various additional duties of a miscellaneous character. *Package shipments*, consisting of parcels purchased by shoppers for home use, are sometimes carried in baggage cars. Such shipments are made on *package waybills* (Form 26) and invoices, the invoice being a receipt given to the shipper by the baggage agent, and the company's liability is usually limited to a fixed maximum of, say, \$25. The agent affixes stamps of different denominations, according to weight of packages. Some companies handle *market shipments*, which consist of regular merchandise, farm produce, etc., carried in baggage cars. *Milk and cream shipments* (Form 27) are taken either on waybills or tags, and the baggage master makes out a *daily report of milk carried*. In handling *newspaper traffic*, the usual practice is to send morning editions out of large cities on special early morning trains, while afternoon papers are handled in the baggage cars of regular trains. The figures presented by publishers of important papers are usually accepted in making out bills, but country newspapers are weighed, and

Philadelphia & Reading Railway Company.

BAGGAGE DEPARTMENT RELEASE.

In consideration of the transportation by the PHILADELPHIA & READING RAILWAY COMPANY and connecting lines **by passenger train service**,

of _____ Station _____ 19____

upon the special condition of owner's risk, from _____
to _____ via _____
bearing _____ R. R. Checks, Nos. _____

(if in damaged condition, so state above.)

I do hereby release and forever discharge the Philadelphia & Reading Railway Company, and other transportation companies which together comprise the through line between points above named, from all liability for any damage or loss that may happen to the same while in their possession, regardless of negligence, however gross.

I have read this release and understand its contents.

Witness

(Name of owner)

Residence

Agent.

"This release must be taken before checking or forwarding any baggage matter at owner's risk, also when in bad order. Notice must always be given to passengers when matter is forwarded by passenger train at owner's risk, at the same time ask them to read and sign."

If passenger refuses to accept conditions at "owner's risk," or refuses to sign release, refer the matter to Freight Department or Express Co.

No release signed "under protest" will be accepted.

When the condition of baggage in bad order will not warrant its safe transportation, it must be put into safe condition, before checking, and if agents have time, they will assist passengers to do so.

Releases when properly filled up (with ink) and signed, are to be sent to General Baggage Agent, Philadelphia, daily, and must not be allowed to accumulate at stations.

FORM 22.

the baggage agent makes out a regular monthly report. A flat rate of from twenty-five to seventy-five cents per hun-

227 B 2154 2-25-03

PHILADELPHIA, BALTIMORE & WASHINGTON RAILROAD COMPANY
NORTHERN CENTRAL RAILWAY COMPANY
WEY JERSEY & SEASIDE RAILROAD COMPANY

Station _____ 190
 Division _____ Agent _____

[illegible]

FORM 23.

dred pounds for all distances is charged on most railroad lines. *Corpses* are transported on one first-class fare, if accompanied by a passenger in charge.

1919. 2. 15. 09.

TRAIN BAGGAGE MASTER'S WAY-BILL OF BAGGAGE DELIVERED.

Train No. _____ 190

[illegible]

FORM 24.

THE PASSENGER SERVICE

Great improvements have been made in the baggage service of American railways since they began their policy

S. A.-12 B
PENNSYLVANIA RAILROAD COMPANY.
PHILADELPHIA, BALTIMORE & WASHINGTON RAILROAD COMPANY
 NORTHERN CENTRAL RAILWAY COMPANY
 WEST JERSEY & SEASHORE RAILROAD COMPANY

DO NOT WRITE
 HERE

REPORT OF BAGGAGE RECEIVED AND DELIVERED.

Train _____ 190

FROM	TO	CHECK NUMBERS

FORM 25.

of encouraging the passenger business. Considering the enormous quantity and the rapidity with which it is han-

1904-5-4-00 C 1
S & S

P. D. 1002
 FORMERLY G. & A. 123-D.

Way-Bill No 778924

PENNSYLVANIA RAILROAD COMPANY.
PACKAGE WAY-BILL.

From **MARKET STREET WHARF, PHILADELPHIA,**
190

Train No.	ARTICLE.	CONSIGNEE.	DESTINATION.	RECEIVED BY. <small>(TO BE SIGNED BY CONSIGNEE OR REPRESENTATIVE.)</small>

Baggage Master.

FORM 26.

dled, the number of errors is very small. Baggage differs from freight in that the passenger insists that it accompany him on the identical train on which he travels. Though

THE BAGGAGE SERVICE

this is not always accomplished, it is the aim of the baggage service.

Further, to promote the convenience of the passenger, checking has been made as easy as possible. In all the large

20	Qts.
PENNSYLVANIA RAILROAD COMPANY	
G. B. A. Form 400	
ZONE 1	When stamped by the Agent selling this Tag it will be good for the transportation in Baggage Car of One Can of not more than
20 Quarts OF MILK	
BETWEEN ANY TWO STATIONS ON THE PENNSYLVANIA RAILROAD DIVISION	
For distance of 60 miles or under, WHEN NO TRANSFER IS REQUIRED.	
For shipment of CREAM in Cans of 20 quarts or less, when no transfer is made, TWO Tags will be required.	
Tag or Tags must be attached to each Can before it will be received for shipment.	
Subject to published regulations of the Company with reference to Milk and Cream Traffic.	
2	<i>Alwood</i> Passenger Traffic Manager.

FORM 27.

cities transfer companies have been established as regularly accredited agents of the railways. They call for and check baggage at a residence or hotel when ordered by the passenger, and before the passengers reach their destination a

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messenger takes orders on trains for the delivery of baggage. In some cities baggage can be checked from the passenger's residence to the house or hotel in the city of destination.

The American baggage service differs materially from that of European railways. In Great Britain the familiar American card check is not used. The station porter takes charge of the baggage at the station, has it marked with the name of the station of destination, and sees that it is put into the "luggage van." At destination the passenger, without a check, identifies his "luggage" and takes it with him on his cab. On the Continent the checking system in a modified form prevails. A small paper waybill, containing a consecutive number, destination and weight of baggage, is pasted on each piece of baggage, a duplicate is given to the passenger as a receipt and a means of claiming the baggage at destination, and a triplicate is retained by the Forwarding Agent as a record.

The practice as to free baggage, likewise, is different. On a first-class ticket in Great Britain a large free weight is permitted, but on the Continent it is much smaller. In France, Belgium, Holland, Austria, and Russia it is fifty-six pounds, and in Italy forty-four. On lower-class tickets the free weight permitted is usually less. The Continental railways, moreover, are far more careful in ascertaining the free weight, and laboriously weigh each article presented.

Prussian railways have abolished all free baggage, and have a regular baggage tariff, according to which the passenger pays on the basis of weight and distance. The rate per fifty-six pounds decreases as the distance increases up to 500 miles. For greater distances a flat rate of \$1.19 per fifty-six pounds is collected, and for weights in excess of

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440 pounds on a single ticket the rate is doubled. The theory of the Prussian practice is that, in countries where railways carry baggage "free," the service is only nominally free. The passenger in purchasing the ticket covers the expense of the baggage service, and "the traveler without baggage virtually pays a higher rate for his ticket in order to enable his fellow travelers to have a large free allowance."

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CHAPTER XXXII

PASSENGER TRAFFIC ASSOCIATIONS

History of passenger traffic associations—Existing associations—
Their general organization—The organization of the Western
Passenger Association—Functions of the association in connection with competitive fares—Organization of the Southeastern Passenger Association—Its articles of association—References.

PASSENGER and freight traffic associations originated at the same time with the establishment of the Chicago-Omaha Association in 1870, when the Northwestern, Burlington, and Rock Island companies entered into a rate and traffic agreement covering their competitive business, freight and passenger, between Chicago and Omaha. Most of the early traffic associations were concerned with both freight and passenger services, but with the development of the organizations it came to be customary to have separate associations to deal with the two branches of service. Indeed, the only conspicuous present exception to this general practice is the Trunk Line Association, and even this body has two practically autonomous "departments"—one in charge of freight and another to deal with passenger traffic.

The history of passenger associations runs parallel with that of the freight traffic organizations, which was presented with some detail in Chapter XV, Vol. I. Prior to 1887, when the Interstate Commerce Act became a law, the competitive passenger traffic of practically all American railways was regulated by traffic associations, and the larger

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part of that business was covered by pooling agreements. The passenger traffic associations were reorganized in 1887 to comply with the antipooling section of the federal law; and a second reorganization became necessary ten years later, when the United States Supreme Court ruled that the Antitrust Act of 1890 had made illegal agreements as to the making and maintenance of rates and fares.

In spite of these legal limitations, the passenger associations, like those concerned with freight traffic, have grown in number, strength, and efficiency since 1898, their development having been due to the general harmony of inter-railway relations, made possible by prosperous times and by the rapid progress of railway integration. Their usefulness to-day is probably greater, and their functions are more varied, than was the case when the chief objects of the associations were to establish and maintain fares and to apportion competitive traffic.

Passenger associations again resemble the freight traffic bodies in being of four general classes: (1) large associations, occupying a wide section of the country; (2) smaller and less important organizations, which are few in number and whose field of operations is a state or a smaller region; (3) bureaus or committees interested in the traffic of a single city; and (4) bureaus concerned with excursion or other special kinds of passenger business. There are fewer passenger organizations than freight associations, as would be expected in view of the fact that the freight traffic is greater in volume than is the passenger business.

The large passenger associations—those of the first class—include (1) The New England Passenger Association, including in its membership all the railroads in that section of the country. (2) The Passenger Department of the Trunk Line Association, which, though a department, has

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all the functions a separate organization would have. It has the west-bound traffic of the trunk lines under its supervision. (3) The Central Passenger Association, with field and functions corresponding with those exercised over freight by the Central Freight Association. (4) The Southeastern Passenger Association, which occupies the entire territory south of the Potomac and Ohio and east of the Mississippi. (5) The Western Passenger Association, including, with minor exceptions, the lines in the section bounded on the east by Lake Michigan and a line from Chicago to St. Louis and on the west by the Rocky Mountains. The Western Passenger Association has "a Trans-Missouri Committee, governing business to, from, and through territory west of the Missouri River." (6) The Southwestern Passenger Association covers the region lying south of the Western Passenger Association and from the Mississippi River to the Rocky Mountains. (7) The Pacific roads are members not only of the two associations last mentioned, but also of the Transcontinental Passenger Association, whose name indicates the traffic with which it is concerned.

There are two passenger associations of the second class—the Michigan and the Associated Railways of Virginia and the Carolinas; and only five organizations of the third class—the Chicago Passenger Association, the Cleveland, Columbus, Toledo, and Pittsburg Passenger committees—the Pittsburg Committee being connected with the Central Passenger Association. Associations of the fourth class, having to do with some special branch of the passenger business, are well represented by the Niagara Frontier Summer Rate Committee and the Michigan State Interchangeable Mileage Ticket Bureau. Mileage ticket bureaus are maintained by the Trunk Line Association and the Western Passenger Association; and while these bureaus are not inde-



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pendent associations, they have functions as definite as a separation might have.

The general organization of passenger associations is analogous to that of the freight traffic associations. The association has for its membership railroad companies, represented by designated officials, who ordinarily meet in regular session once in two months. This body, the "association," selects a chairman or commissioner of the association and an executive committee, and creates such other standing committees and such bureaus as may be needed. The chairman of the association is the chief administrative officer of the organization, and gives his entire time to the work. He has charge of the correspondence, being aided by a secretary and a requisite clerical force; and he is *ex-officio* a member of all standing committees.

The best method of illustrating in detail the organization and working of a passenger association is to describe a typical one, such as the Central, Southeastern, Western, or Southwestern. The Western Passenger Association is here described, while the "Articles of Association" of the Southeastern Passenger Association, a typical organization, are printed in full at the end of this chapter. The Western Passenger Association includes twenty railroads, located in Wisconsin, upper Michigan, Minnesota, Iowa, North Dakota (eastern half), South Dakota, Nebraska, Kansas (except a small strip in the southeast), and the state of Colorado to and including Trinidad, Pueblo, Denver, and Cheyenne. "The purposes of this association," as stated in its "articles" in effect at the beginning of 1910, "are to provide means for interchanging authentic information with regard to tariffs and methods of ticketing; for the compilation and distribution of statistics, and for consultation and mutual advice with respect to the conduct of passenger traffic."

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One important function of this and other associations is to promulgate informal rulings of the Interstate Commerce Commission to the different lines for concerted action. Its headquarters are in Chicago, where regular meetings are held on the first Thursday of each alternate month. Special meetings are called at the discretion of the chairman or upon request of two or more members. Two thirds of the membership constitutes a quorum.

The officers of the association include a chairman, who must be elected by a unanimous vote, and an executive committee of nine members, nominated by the chairman and elected annually by unanimous ballot of the association. The chairman is the general administrative officer, while it is "the duty of the Executive Committee to assist the Chairman of the Association in organizing and supervising the work of the Association Bureaus; to fix, by unanimous vote of the Committee, all salaries of employees which do not exceed \$100 per month; to examine and approve necessary printing, stationery, rent, and other expenses; to apportion the expenses among lines and to apportion the aggregate Association expenses among the Bureaus." The accounts of the association are examined by an auditing committee selected, to serve for a year, at a "meeting of Accounting Officials of all lines members of the Association."

The chief function of the executive committee is "to consider and make recommendations to the Association upon any question which the Association or the Chairman or any member may bring to its attention." However, the articles of association stipulate that "the Executive Committee shall have no power to take action binding members of the Association, except as specifically provided herein, unless instructed by the Association or the provisions of the

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respective Bureaus as approved by the Association." The regular meetings of the executive committee are frequent, usually weekly, and the officials selected are ordinarily of as high rank as general passenger agents.

Although the authority of the executive committee is limited, as above stated, it is virtually the governing body of the organization between the bimonthly meetings of the association. "The call for all meetings of the Executive Committee shall be sent to all Association members, as constituting an invitation to them to be present." It is in the frequent sessions of the executive committee that most of the discussion of competitive fares and other interline questions takes place.

In addition to the Trans-Missouri Committee, referred to above, "governing business to, from, and through the territory west of the Missouri River," the Western Passenger Association has numerous bureaus. The articles provide for mileage, ticket, clergy, immigrant, and excursion bureaus, and state that "territorial committees, or additional Bureaus, may be formed by agreement of interested lines." Acting in accordance with this provision, the association has established a "Trans-Missouri Mileage Bureau."

To a large extent the association works through local bureaus maintained in Chicago, St. Louis, Kansas City, Denver, St. Paul, and numerous other large cities. "Membership in these Local Bureaus shall consist of the local representatives . . . of all the lines . . . terminal at the point where the Bureau is maintained." The association adopts articles governing these local bureaus, and "subject to these limitations, and with the approval of the Executive Committee, the Local Bureaus shall have power to adopt such reasonable rules and regulations as may tend to secure

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the faithful and efficient carrying out of the objects and purposes of " the association. It will be readily understood that these local bodies can be of great service in enforcing the regulations regarding the sale, control, and redemption of the various classes of tickets.

The test of the success of an organization such as this passenger association is in the enforcement of its articles of agreement and of the rules and regulations adopted in accordance therewith. Effective provision must be made for the prompt and final settlement of disputes, for detecting violations of the rules, and disciplining the offenders. As will be explained presently, the association does not fix and maintain fares, but it enforces many rules regarding tickets. It is the duty of the chairman, after notifying interested lines and giving them a hearing, to make decisions and rulings which are binding until reversed by a majority vote of interested lines.

Charges of violations of the articles of the association " may be preferred by one member against another, by the Association (through its Advocate) direct, or a member may report the case to the Advocate for investigation and the preferring of charges. All such charges shall be made in writing to, and be decided by, the Chairman." The chairman has the authority to employ " one or more persons as Association Advocates, who shall be engaged in investigating the conditions throughout the territory, and shall represent the Association in the preferring and prosecuting of charges by the Chairman." When the charges of violation originate at a point where there is a local bureau of which the accused railroad is a member they shall " be preferred and tried under the provisions of the Local Bureau Rules " by the association advocate, " except when the Local Bureau has an independent Secretary." Thus the

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machinery both of the general association and of its numerous local bureaus is effectively employed in enforcing the provisions of the agreement into which the members enter when they join the organization.

The greater number of rules of the association have to do with the redemption of tickets and with the prevention of fraud in the sale and use of tickets. Excursions and the rates therefor, the forms of excursion tickets, the period during which they shall be valid, the lines by which the tickets shall be honored, and the manner in which these tickets shall be kept out of the hands of scalpers, are given much attention by the association and by its Excursion Bureau and its local bureaus. "Dealing with ticket brokers or facilitating ticket brokerage business in any manner is prohibited."

The problem of making and maintaining fares on competitive and joint traffic is, of course, the largest and most difficult one connected with the regulation of the passenger business of the members of every traffic association. Moreover, it is the activities of the associations in connection with rates and fares that are most often misunderstood by those persons (and they comprise the majority of the public) who are not familiar with the management of the traffic department of railways. Indeed, the very secrecy which surrounds the meetings and discussions of traffic associations and their committees—a secrecy due in part to the Antitrust Act, but also necessary to success in the negotiations of rival carriers seeking to adjust their interrelations harmoniously—naturally arouses suspicion on the part of the uninformed.

Many, if not most, persons believe that competitive rates and fares are made and maintained by traffic associations, and that this is the chief, if not the sole, function of the

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organizations. In order to present as clearly as possible exactly what passenger traffic associations actually do, it will be well to state, with more detail than is characteristic of most parts of this volume, the part which the associations play in making fares. The relation of traffic associations to freight rates was considered in Chapter XV, Vol. I.

Before the decision of the Supreme Court in 1897 in the Trans-Missouri Freight Association case, the traffic association could establish, and take measures to enforce, the fares charged on the competitive traffic of its members, but since then it has been necessary for every railway to act independently in making rates and fares. The association cannot make fares, but it can be of much assistance in maintaining interline harmony by being the medium through which the competitive fares proposed by each member can both be made known to all members in advance of adoption and publication, and can also either be discussed in committee meetings attended by representatives of the lines interested or can be made the subject of correspondence ("Chairman's consultation letter") among the companies that would be affected by the fares proposed.

The relation of traffic associations to the making of fares is clearly shown in the articles of the Western Passenger Association as in effect in 1910. It is provided that

"Nothing in these articles shall be construed as giving any authority to said Chairman or to the Association, or to any officer of the Association, to fix or determine any rate for any party hereto, but each party shall fix and determine its own rates; and nothing herein shall be construed as preventing any party hereto, after it has fixed such rates, from changing the same at any time or from time to time as it may choose."

The articles, however, stipulate that

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"Any member of the Association proposing to make any change in its rates, rules or regulations, affecting the passenger traffic within the purview of the Association . . . will, before putting such change into effect, suggest the same to the Chairman of the Association for consideration in open meeting, or by the Chairman's consultation letter, for consideration and exchange of views. Each member will give to the Chairman notice of any changes in its rates, or rules, or regulations affecting same, simultaneously with forwarding same to the Interstate Commerce Commission. Promptly upon receipt of such notice the Chairman shall promulgate the same as a matter of information to the representatives of all lines interested."

"Should any member desire to ascertain the views on any matter" [i. e., should any railroad wish to change its fares or rules or regulations] "at times when the Association or Executive Committee is *not* in session he will advise the Chairman of the Association. Promptly upon receipt of such advice, the Chairman shall communicate the subject-matter of inquiry to the representatives of other lines concerned for an exchange of views."

If the communications from the Chairman are sent by wire, members must reply in forty-eight hours; if by letter, in five days; and members who do not file replies within these periods are understood as not wishing to express any views. The Chairman promptly advises all interested lines as to the expressions of opinion that have been filed with him.

"In the event of an unsatisfactory conclusion on any proposition submitted" [if any *one* interested road objects], "any line may, not later than three days after date of the Chairman's announcement to that effect, give notice of its intention to make the proposition effective. Said proposition shall not take effect until three days after such notice."

Any member of the association may, however, change its rates, rules and regulations to meet any action taken by

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a railroad company not a member; but notice of such changes must be given immediately "to all other Association lines" and "to the Chairman of the Association, who shall promptly promulgate same to all members."

Each member of the association must file with the chairman copies of its rules and regulations

"relative to transportation of passengers (including children and baggage), transportation of corpses, transportation of baggage, transportation of special cars, periods of validity of tickets, methods and conditions of extension of ticket limitations, manner of limits, etc., mileage tickets and other features incident to passenger traffic, which rules the Chairman will promulgate as matters of information to all interested. The method of procedure . . . relative to changes in rates will be observed with respect to changes in individual rules."

It is now customary for the association, when requested, to compile and publish "a sheet quoting individual rates of the several" lines from common points, and the rate sheets thus published may be filed with the Interstate Commerce Commission by the association, acting on behalf of an individual member. In doing this the association only compiles and files fares that have been made by the several members, acting independently, in the manner just described.

The complicated relations of the railways west and north of Chicago and St. Louis as regards the passenger traffic account for the number of bureaus within the Western Passenger Association and for the relatively elaborate organization established by the "articles" above summarized.

The Southeastern Passenger Association occupies the territory south of the Ohio and Potomac and east of the Mississippi rivers. Its Articles of Association, being com-

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paratively brief, are appended to this chapter. It will be noted that each of the railways (there are forty-seven) belonging to this Association selects a high official to represent it upon an Executive Board, which meets infrequently upon the call of its chairman or upon the request of two or more members. The Conference Committee, consisting of one representative—usually a General Passenger Agent—from each of the forty-seven railways, has six regular meetings each year, and may have as many special meetings as may be required.

The way in which the Association assists its several members in making rates and publishing tariffs is clearly described by the Chairman of the Association, Mr. Joseph Richardson :

“Neither the Executive Board nor the Conference Committee nor any subcommittee has any power to make rates or to make rules or regulations affecting rates by agreement or legislation, either express or implied. Any suggestion made to the Executive Board or the Conference Committee relative to rates or rules or regulations affecting rates is discussed, but passed without action of any kind. In order to ascertain the rates, rules, and regulations of the several members it is necessary to refer to the separate written statement or declaration of each of the traffic representatives filed with the Chairman either before or after interchange of views at a meeting or by correspondence. No member is under any obligation whatever to hear the views of other members.

“The principal work of the Chairman’s office consists in the compilation, printing, and distribution of tariffs in conformity with the Interstate Commerce Act and other laws. Each such tariff is compiled and published by me, as agent of each initial carrier party to the tariff, from the separate written declaration of each of said initial carriers on file with me; and each such tariff is, in accordance with the powers of attorney given me for that purpose by the initial carriers, filed by me with the Interstate Commerce Commission.”

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No. VII of the articles of association, in which the duties of the chairman are enumerated, sets forth the purposes of the association, while the rules governing the Conference Committee explain how the association performs its functions. As indicated by Mr. Richardson, the fifth order of business (Rule 2)—“Consideration and interchange of views in regard to Rates and Divisions”—holds an important place in the deliberations of the committee and in the interim activities of the chairman. The manner in which the interchange of views is accomplished is set forth in Rules 3 to 7, inclusive.

SOUTHEASTERN PASSENGER ASSOCIATION

ARTICLES OF ASSOCIATION, AND RULES OF THE CONFERENCE COMMITTEE, MAY 1, 1910

ARTICLES OF ASSOCIATION

For the purposes set forth in the following Articles, the Companies subscribing hereto form the Southeastern Passenger Association.

ARTICLE I

SECTION 1. The Articles of this Association shall relate to the territory lying south of the Ohio and Potomac and east of the Mississippi rivers.

SEC 2. Said articles shall relate to all passenger traffic within the territory above defined in which two or more members of this Association may be interested and which has its origin or destination within said territory

ARTICLE II

SECTION 1. An Executive Board is hereby created, composed of either the President, Vice-President, General Manager, or

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other officer of each member of the Association, as designated annually by such member; but each officer thus designated may appoint any other officer or agent of his Company, as proxy, with power to represent him at any meeting of said Board.

SEC. 2. The Executive Board shall elect its own Chairman; said Board shall also elect the Chairman of the Association and shall fix his term of service and salary. The Chairman of the Executive Board shall arrange for the auditing, by an expert accountant, of the accounts of the Association. Said Chairman of the Executive Board shall fix the term of service and compensation of said accountant. All expenses of the Association shall be subject to the review and approval of the Executive Board or of a committee to be appointed by said Board.

SEC. 3. The Executive Board shall meet upon the written request of two or more members thereof or upon the call of its Chairman.

SEC. 4. A majority of the members of the Executive Board represented in person or by proxy shall constitute a quorum.

SEC. 5. It shall require the unanimous action of those represented in person or by proxy to adopt any motion or resolution that may be made before the Executive Board.

ARTICLE III

SECTION 1. Each member of the Executive Board shall appoint a traffic officer of his Company, and such traffic officers, thus appointed, shall constitute a Conference Committee. Any traffic officer appointed a member of the Conference Committee may appoint any other officer or agent of his company as proxy, with power to represent him at any meeting of said Committee. A majority of the members of the Conference Committee, represented in person or by proxy, shall constitute a quorum.

SEC. 2. Whenever any member of this Association shall consider a change in its rates, rules or regulations, it may, if it deems proper to do so, suggest the same to said Conference Committee for consideration and discussion; but nothing herein contained shall be considered as impairing the right of any

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member to make or change at any time any of its rates, rules or regulations according to law, whenever it deems proper so to do, whether the same be suggested to said Conference Committee or not; it being distinctly understood that each member reserves to itself at all times the right to take separate and independent action on each and every subject, whether suggested to said Conference Committee or not.

ARTICLE IV

Upon complaint or information furnished to the Chairman of the Association that illegal devices have been resorted to, whether by secret rebates, or drawbacks, or payment of commissions, or by any other illegal device whatsoever, he shall make an investigation thereof and he or his representatives shall be given access to the records of all members of this Association, so far as the same may appertain to the traffic with reference to which such complaints may have been made or information furnished; and the result of such investigation shall be reported by said Chairman to the Executive Board.

ARTICLE V

SECTION 1. For the purpose of constituting a general fund, to meet current expenses, each Company, upon its becoming a member of this Association, shall pay to the Chairman of the Association an admission fee of One Hundred Dollars (\$100.00). The Chairman of the Association shall give a bond of Five Thousand Dollars (\$5,000.00) in some acceptable Surety Company, payable to the Chairman of the Executive Board for the benefit of the lines members of the Association; the premium to be paid by the Association. The funds of the Association shall be deposited in the name of the Chairman of the Association in such bank or banks as may be designated by the Executive Board.

SEC. 2. The Association expenses shall be apportioned fairly between the members, by the Executive Board, and upon the basis so fixed by the Board, the Chairman of the Association shall have authority to collect the same.

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ARTICLE VI

Any member retiring from this Association before the expiration of the time herein fixed, shall not, except by unanimous consent, be released from its obligation to contribute its share of the Association expenses, as the same may be fixed by the Executive Board.

ARTICLE VII

SECTION 1. It shall be the duty of the Chairman of the Association to preside at all meetings of the Conference Committee; to keep the records of the Association; to receive from each member of the Association copies of tariffs or rates or rate advices; to compile, print and distribute in conformity with the Interstate Commerce Act and other laws, tariffs or rates to which these Articles relate; to formulate and distribute such statistical information as may be called for by the Conference Committee, or by the Executive Board; any expense incurred in collecting such statistical information to be apportioned among the interested members by said Chairman. Each member will furnish such reports of passenger traffic and other statistical data as may be called for by the Executive Board or Conference Committee. And said Chairman shall also receive and list for discussion subjects coming before the Conference Committee, conduct all correspondence that may be necessary, and communicate such information as to the records of the Association as may be requested by its members.

SEC. 2. Each member shall, at the time of issue, file with said Chairman copies of all tariffs or rates, or rate advices, that may be issued by such member.

SEC. 3. Said Chairman is authorized to appoint a Secretary of the Association and such agents and other employees as the business of the Association may require, subject to the approval of the Chairman of the Executive Board.

ARTICLE VIII

The accounts of the Association shall be audited by an expert accountant as frequently as, in the judgment of the Chairman of the Executive Board, may be necessary.

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ARTICLE IX

Nothing herein contained shall be so construed as to confer upon a majority, or any member, or any number of members of this Association, the power or authority to make rates or tariffs upon the line of any other member of this Association, or to make joint rates or tariffs for any other member. Nothing herein contained shall be so construed as to confer upon the Executive Board, or the Conference Committee, or the Chairman of the Association, or the Chairman of the Executive Board, or upon any other Committee or officer of this Association, the power or authority to make rates or tariffs upon the line of any member of this Association, or to make joint rates or tariffs for any member of this Association: it being distinctly understood that each member of this Association expressly reserves to itself the exclusive power to make rates and tariffs on its own line, and to itself and its connections the exclusive power to make joint rates and tariffs, free from the dictation or control of any other member or members.

ARTICLE X

No change shall be made in these Articles of Association except by the consent of each member of the Association.

ARTICLE XI

These Articles of Association shall become effective the 1st day of May, 1910, and continue in force until and including April 30, 1911.

RULES OF THE CONFERENCE COMMITTEE

RULE 1. The regular meetings of the Committee shall be held on the third Wednesday of each February, April, June, August, October and December. Special meetings may, however, be held at the call of the Chairman, or at the request of any three members of the committee. When such special meetings are to be held, it shall be the duty of the Chairman to

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notify all members of the committee of the time, place and object of such special meeting.

RULE 2. The order of business shall be as follows:

1. Roll-call.
2. Action on minutes of previous meeting.
3. Reports of committees.
4. Unfinished business.
5. Consideration and interchange of views in regard to Rates and Divisions.
6. Miscellaneous Business.
7. Adjournment.

RULE 3. It shall be obligatory upon any member of this committee to furnish the Chairman, on his request, with sample of any ticket sold or honored by his line.

RULE 4. The Chairman will, in advance of each meeting, obtain from each member a list of the subjects which such member may desire to suggest for consideration and interchange of views at the meeting. A circular showing the full list of subjects for consideration and discussion will be sent by the Chairman to each member at least three days prior to the date of the meeting. Nothing herein shall be construed as prohibiting any member from bringing up for discussion at a regular meeting any subject that is not on the list.

RULE 5. Should any member desire to ascertain the views of other members on any proposition at times when the committee is not in session, he will advise the Chairman. Promptly upon receipt of such advice the Chairman shall communicate the proposition to the representatives of other lines concerned for exchange of views. *Replies to such communications from the Chairman will be made within forty-eight hours (national legal holidays and Sundays not to be counted) when submitted by the Chairman by wire, and within five days when submitted by the Chairman by letter, it being understood that such members as fail to file replies within the periods specified do not wish to express any views on the subject.* At the expiration of these periods the Chairman shall promptly advise all interested as to the expressions of opinion that have been filed with him.

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RULE 6. *As soon as any member shall definitely decide upon a rate, or rates, to be used by his line for any occasion, he will announce to the Chairman of the Association such decision, stating explicitly the territory from which such rates will be applicable, dates of sale, transit limits, final limits, forms of ticket contract, rules and regulations. Promptly upon receipt of such notice, the Chairman will promulgate the same as matter of information to all members interested, the understanding being that members will be governed by the following in filing their notices with the Chairman of the Association.*

Intrastate rates to be filed five (5) days (national legal holidays and Sundays not to be counted) in advance of the dates on which such rates become effective.

Interstate excursion rates bearing limit of thirty (30) days or less to be filed thirteen (13) days (national legal holidays and Sundays not to be counted) in advance of the dates on which such rates become effective.

Interstate excursion rates bearing limit of more than thirty (30) days (either open or on extension by deposit) and all other interstate rates to be filed forty (40) days (national legal holidays and Sundays not to be counted) in advance of the dates on which such rates become effective.

RULE 7. Each member will file with the Chairman the rules and regulations of his company relative to the transportation of passengers (including children), transportation of corpses, transportation of baggage, transportation of special cars, period of validity of limited tickets, methods and conditions of extension of ticket limits account of illness, etc., mileage tickets, and other features incident to passenger traffic, which rules the Chairman will promulgate as matter of information to all interested. The methods of procedure prescribed in the preceding rules relative to changes in rates will be observed in respect to changes in individual rules.

REFERENCES

The references at the end of Chapter XV, Vol. I, upon Freight Traffic Associations may also be consulted for informa-

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tion upon passenger associations. "American Railway Transportation," by Johnson, and "Railway Coöperation," by Langstroth and Stilz, present the history; and the *Official Guide of the Railways* contains a list of passenger associations. The organization and activities of the associations can best be studied from their "Articles" or "Constitutions."

CHAPTER XXXIII

DEVELOPMENT OF PASSENGER TRAFFIC

Volume of passenger traffic—The work of solicitation—The tourist service—Special excursion and convention business—Reduced fares—Advertising to inform agents—Public advertising—Changes and tendencies in railway advertising—References.

FORMERLY many American railway companies maintained that the passenger branch of their service was not profitable; but at the present time practically all railways are actively encouraging that branch of the service, and most of them have placed it upon a paying basis.

The number of passengers carried annually during the decade 1899 to 1909 grew from 523,176,508 to 891,472,425, a gain of seventy per cent. During the same period the number carried one mile increased about 100 per cent, and the number of persons carried one mile per mile of line sixty-four per cent. The average number of passengers per train meanwhile advanced from thirty-nine in 1898 to fifty-four in 1908.

The revenue from the passenger business is much less than that from freight traffic. In 1909 the passenger receipts were 23.32 per cent of the total earnings from operation and the total earnings of passenger trains were 28.54 per cent, while the freight trains earned 70.25 per cent of the total. Passenger receipts, however, constitute a slowly increasing percentage of the total operating revenue, in

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spite of the exceptionally rapid growth of freight tonnage and earnings. Railways in the thickly settled portions of the country derive a large share of their increase from the passenger traffic. Upon the railways in New England passenger train revenues in 1908 were 41.78 per cent of the earnings from operation.

The work of solicitation of passenger traffic is in charge of the regular officials of the Passenger Traffic Department and of its various bureaus and subdepartments. Upon the Pennsylvania Railroad the General Passenger Agent, aided by the Assistant General Passenger Agent in charge of through traffic, has the duty of soliciting through traffic, while in the solicitation of local traffic the General Passenger Agent has the co-operation of the Assistant General Passenger Agent in charge of local traffic. The former has District Passenger Agents and the latter Division Ticket Agents to conduct the work locally, according to instructions from the central office. Moreover, as is true of the Division Freight Agents, but on a smaller scale, the Division Ticket Agents have passenger solicitors at their command, whom they send about to solicit personally business from prospective travelers or to mollify dissatisfied ones.

The local passenger agent also acts as a solicitor. His close connection with the passengers places him in a position to do much to harm or benefit his railway. Many companies have general agents stationed in large cities to solicit passenger business. Special bureaus are established to perform specific duties. Thus the Pennsylvania Railroad has an excursion and convention department, a personally conducted tourist bureau, and an advertising bureau. Other companies have immigrant, settlers, and land departments in addition to the usual bureaus.

Passenger business may be stimulated either by the re-

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duction of the fare or by the improvement of the service. The latter method is the one more emphasized by American railways. In general, the policy of our railways has been to furnish a high-grade passenger service and to charge accordingly, while European railroads provide both a low-grade service at cheap fares and high-class accommodations for which the fares are relatively large.

The tourist service of the Pennsylvania Railroad affords an instructive example of the methods pursued by American railways in promoting travel. The personally conducted tourist bureau, established in 1887, has proved effective. Elaborate tours to distant places of interest are organized and a special agent personally conducts them. The impersonal business character of the ordinary first-class service is absent. The travelers become the guests of the railway and the agent sees that their comforts are attended to.

In addition to the travel actually created in this way, the personally conducted tours direct widespread attention to the entire passenger service of the line. The credit which otherwise goes to a private tourist agency goes to the railway, and the travelers, if pleased, become disinterested solicitors. Favorable relations are established with hotels, transfer companies, and other agencies in a position to divert travel to the favored line. The tours, moreover, act as an effective advertisement, as their unique features are repeatedly mentioned in the newspapers both in the form of news items and paid advertisements.

The special excursion and convention business has become a very general method of creating traffic. It is usually in charge of an excursion bureau; local excursions are arranged by each individual road, while long-distance excursions in which competitive railways are interested, are

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arranged through the various passenger traffic associations. The bureau bulletins the excursions, issues instructions to the local agents concerned, and sends the necessary information to connecting railways. Usually special and monthly circulars are sent to all agents interested.

Many different forms of excursions are organized. There are the great gatherings, such as the National Encampment of the Grand Army of the Republic; occasions, such as the presidential inauguration; world, state, and county fairs; seasonal excursions to pleasure resorts; and hundreds of small and large events. Sunday excursions are arranged for the benefit of the laboring and professional classes; "buyers excursions" to induce travel to and from wholesale centers, and holiday excursions to induce general travel.

The success of the excursion business depends largely upon the fare, as it is to a large extent extra traffic that will not move without special concessions. The usual practice in the case of large excursions is to sell round-trip tickets at considerably less than the regular fare. In the case of smaller conventions and meetings special fares on the certificate plan are made, according to which the passenger purchases a regular one-way ticket and obtains a certificate receipt for such payment. This certificate, when stamped by a joint agent of the railways at the meeting, entitles the passenger to a return or "delegate" ticket at a reduced rate of usually three fifths the one-way fare.

Closely related to the usual excursion fares are the so-called "party rates," which are quoted in special circulars and tariffs. Usually one-way party rates are confined to theatrical companies, bands, and similar parties. Party excursion rates, however, are quoted to any group of a specified number of ten or more. The required number,

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the distance limit and time limit are variously regulated by different railways. Such special fares are legal so long as they are open to the general public and are not limited to particular classes.¹

Much advertising is done to promote excursions. Those organized directly by the carriers require much systematic publicity. Such excursions are usually begun experimentally and are repeated so long as they are profitable. Railways often advertise extensively such events as world's, state, or county fairs, so as to increase attendance and thus railway travel. Some of the best known pleasure resorts such as Atlantic City and many others have largely been built up by special excursion fares and by systematic railway advertising. Advertising and granting reduced fares, and running cheap excursions to pleasure resorts and parks, has in fact become one of the distinctive methods of developing pleasure travel.

The reduced fare tickets, described in Chapter XXXV, are numerous and are of importance in the development of passenger traffic. One of the direct purposes of the landseekers' tickets, for instance, is to stimulate traffic by encouraging the settlement of vacant lands. The same is true of the homeseekers and colonist tickets. During the crop season some of the western lines run "harvester trains" at unusually low fares in order to move laborers to the western grain fields. The trains are "stripped" of all but the barest necessities, no sleeping or dining facilities are furnished and the service is sufficiently crude to warrant the low fares that must be given to secure traffic

¹ I. C. C. vs. B. & O., 145 U. S. 263 (1891). *In re party rates*, XII I. C. C. Reps., 95 (1907); *Koch Secret Service vs. L. & N. R. R. Co.*, XIII I. C. C. Reps., 523 (1908); *Ibid.*, *Field vs. Southern Rwy. et al.*, 298.

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which otherwise would not move. The reduced fares granted on commutation tickets, likewise, create traffic. So do the mileage books, second-class tickets, children's half-fare tickets, and immigrant tickets.

In contrast with reduced fares there are methods which emphasize the *service* rendered. Schedules are arranged to accommodate the largest numbers; local and through trains are run; fast and slow trains; those making many, and those making few stops. Special emphasis is placed upon certain through trains with great speed, such as the "Twentieth Century Limited" of the New York Central, the "Pennsylvania Special" of the Pennsylvania Railroad, the "California Limited" of the Santa Fé, the "Overland Limited" of the Union Pacific, "North Coast Limited" of the Northern Pacific, and "Oriental Limited" of the Great Northern. Some lines widely herald certain unusually luxurious and expensively equipped trains. One train such as this, even though traveled on by but relatively few, attracts more attention than many less luxurious but more serviceable trains, and advertises the entire passenger service of the line. Sometimes unique and elegant cars are advertised, such as the "lounging coaches" recently adopted by the Chicago, Burlington & Quincy. They have four separate rooms, a club room, observation room, writing room, and sun parlor, all of which are exquisitely furnished.

Emphasis is, likewise, laid upon the conveniences afforded by the less sumptuous trains. Thus the tourist car service is compared with that of the more expensive, standard Pullman sleepers. Dining car facilities, parlor cars, smokers, observation cars, combination cars, stop-over privileges, safety, and courtesy of train employees are all part of the stock in trade of the soliciting agent.

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In contrast with the freight department, the passenger department does a large amount of advertising, and it is of two general kinds, that to reach the agents of home and connecting lines, and that intended for the traveling public.

Advertising to Inform Ticket Agents.—It is essential that the ticket agents of connecting lines should be kept well informed as to the passenger service and fares of a given railway. In the past the common practice was to pay commissions to such agents for services rendered. The practice at present is merely to advertise. *Mailing cards* emphasizing the superior service, the direct connections, low fares, and similar matters of interest are regularly sent to them. In the same way, are they reminded of special events such as conventions, fairs, and meetings. Occasionally *mailing leaflets* are substituted for the cards to call attention to the fares and services to given points of common interest. *Booklets*, describing resorts, parks, and regions of interest are sent to them in limited quantities. *Time folders* are regularly forwarded to them, and occasionally large *maps, newspaper clippings and advertisements*. In the wake of this printed matter comes the *Traveling Passenger Agent* to gather in the results, and to add such other information as he may possess.

In much the same way the passenger service is brought to the attention of the company's own ticket agents, except that the mailed instructions are more detailed and partake of the nature of orders. Home agents, moreover, may receive direct orders by telegraph from the District Passenger Agents and Division Ticket Agents. Detailed knowledge on the part of the local agents is of prime importance and can be assured only by extensive home advertising.

Public advertising is under the immediate control of an Advertising Agent and his staff of assistants. They are,

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however, responsible to the General or Assistant General Passenger Agent, or other officials in charge of traffic developments. So long as the passenger business was not actively sought the methods of public advertising were crude. Magazine advertisements consisted of simple statements of fact, and newspapers usually printed merely tables showing the time of departure of trains. For further information the public sought the primitive "half sheet card," which indicated the time both of arrival and departure of trains. The "tack-and-hammer artist," in addition to performing the ordinary duties of the traveling agent, tacked half sheet cards to trees, fences, and walks.

Present-day methods of railway advertising are of almost endless variety. To reach the city public the large daily newspapers are most extensively used. Ingenious reading items and compelling display cards are inserted advertising certain features of railway service. Occasionally a "story" concerning some unusual incident is deemed of sufficient interest by the editor to be published as a news item. Newspaper time tables are still inserted by many lines, but have been abandoned by some of the largest companies. As stated by Mr. F. N. Barksdale, formerly advertising agent of the Pennsylvania Railroad: "The daily newspaper is the mouthpiece of the general advertiser. Through its circulation he catches the eye of the world, morning, noon, and night. The dynamic force of a single drop of water is too weak for measurement, but the steady and continuous multiplication of its activity will eventually penetrate a stone. Iteration is essential to effective advertising, and the principle of keeping everlastingly at it is so generally recognized as the keystone of success that the daily newspaper is classed as the supreme medium for live advertising."

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To reach the public of the country and country towns, the local weeklies are the medium for railway advertising. For general advertising suitable for all classes, the pictorial weeklies and family papers, and the monthly magazines are used. Particularly the former owing to their vast circulation are a favored medium. The cheaper publications known as "mail order papers," are especially effective in reaching the country population.

The contracts may be made either directly or through advertising agencies. The copy for the large city dailies and the important pictorial weeklies, family papers and monthly magazines is usually supplied, often in plated forms, and the appearance and correctness of the printed copy are checked up, directly by the general passenger department, through the Advertising Agent. That for local weeklies and smaller dailies is sent out in the same way, but the division or district agents have charge of checking up the appearance of the printed advertisements. They may do it directly or through the local ticket agents. Local agents are usually instructed to see that all errors, omissions, and old advertisements in local publications are removed or corrected, and to suggest effective advertisements for the locality in which they are stationed.

Various railways and railway officials publish magazines of their own to boom certain regions served by their lines, to emphasize the delights of travel, and generally to promote their passenger business. Such are the *Sunset* magazine and *The Southern Field* of the Southern Pacific; the *Four Track News* owned by an official of the New York Central; the *Black Diamond* of the Lehigh Valley; *Current Events* of the Kansas City Southern; *Texas and Pacific Quarterly*, of the line whose name it bears; and *The Royal Blue* of the Baltimore & Ohio. Occasionally, also, less im-

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posing railway publications in newspaper form are distributed on trains for the entertainment of the passengers and to call attention to special features of the passenger service.

Of a somewhat different nature from newspaper and magazine advertising is the "generic" advertising in which all railways engage extensively. The Pennsylvania Railroad publishes ninety different forms of *time tables* and distributes over a million and a quarter each month. The half sheet card, as compared with the old form, has become "a work of art." Then there is the familiar *folder* with its time tables, maps, descriptions, and illustrations. The *route book* is used to describe a specific field. Summer and winter *excursion books* depict the service to and glories of favored regions, and scores of *booklets* are issued to explain special subjects. Frequently, particularly in the West, the land and immigrant agents coöperate with the General Passenger Agent and Advertising Agent in the issuing of booklets describing the raising of fruits or other products in a certain region, resources available, desirability of farming, possibilities of irrigation, and similar topics designed to further the settlement of lands adjacent to their lines. Other publications are designed to advertise the service of some luxurious or very rapid train, the attractions of an exposition, such as the Alaska-Yukon-Pacific; the advantages of a personally conducted tourist service, or the scenic beauties of the regions traversed.

Where the distribution is not prevented by municipal ordinances, the familiar *flyers* and *posters*, announcing special excursions to the seashore or other place of interest, are much in evidence. Two million of them are distributed annually by the Pennsylvania Railroad. *Maps* and *pictures*, *bulletins*, *window signs*, *electric signs*, *billboards*, and

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street car ads, all are among the advertising devices of the present-day railway. Less common is the *lecture* as a medium of publicity. But various western railways have employed lectures to enlighten the public as to the scenic wonders of California, Colorado, Yellowstone Park, and other regions.

Somewhat different in purpose are the "agricultural trains" (described in Chapter XVI, Vol. I), which various railways occasionally run through farming sections under the auspices of the passenger department. They are part of a larger movement for agricultural education, in which the railways coöperate with agricultural colleges and experiment stations. The purpose, so far as the carrier is concerned, is to increase both the freight and passenger business by teaching the farmer how to raise more and better crops.

Changes and Tendencies.—Railway advertising has undergone revolutionary changes within the last two decades. The half-hearted and crude devices of the past have disappeared. Business methods are likewise taking the place of policy or expediency. The habit of patronizing needlessly large numbers of local newspapers in order to retain the good will of all editors is gradually declining. The Hepburn Act of 1906, as interpreted in 1908, requires railway advertisements to be paid for in cash and not in transportation.

Railway advertising is also rapidly changing from the general to the specific types. General advertisements are now employed mainly by small and little known lines. Most advertisements now have a definite purpose. Specific announcements are made to the public of a given locality through the daily and weekly papers, and in the other ways indicated. Even the advertisements in the monthly and

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weekly magazines of wide circulation while general in scope have a specific aim; they emphasize in an attractive way some special event or fact such as the excursion rates offered, the personally conducted tourist service, or a luxurious and rapid train.

The present views of the passenger traffic official as to publicity were well stated in 1906 by Mr. J. J. Byrne, Assistant Passenger Traffic Manager of the Santa Fé Railway in an address to the American Association of General Passenger and Ticket Agents: "Remember that unrest is the seed of passenger traffic and you are the sower. If you have an inland town, give the people a chance to get to the ocean or the lake; if you have a flat country, give them a chance to go to the hills or mountains; if you have a hill country, coax them out to the fertile plains—show the city man the country and point out its green hills and babbling brooks till he can't resist. Lecture the farmers on the lure of the city; its glittering lights and gilded places of amusements. Preach the belief that travel is the great educator; make parents feel that the children should be educated away from home, and make the children long for the delights of home. Picture to the sturdy, the charm of the place at the other end of your road for golf, or boating, or bathing; to the hunter, tell of the game just \$10 distance from where he is; east of the Rockies no fish are caught equal to those near Catalina or in the Columbia; on the Pacific coast the best fish are in the Atlantic or Gulf. Don't be content to share traffic with another—create it. Getting a share of what already exists is an important part of our duty, but making business that does not exist is the greatest end that we should strive for."

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PART V

PASSENGER CLASSIFICATION AND
FARES

CHAPTER XXXIV

CLASSES OF SERVICE AND CLASSIFICATION OF PASSENGERS

Number of classes of service in Europe and the United States—
Division of passengers among classes in Europe and India—
Discussion thereof—Volume and growth of Pullman traffic—Second-class, tourist, and immigrant services—The policy of American railroad companies towards the second class—Electric services as a substitute for the second class—References.

IN all countries, two or more classes of passenger services, are provided by railways in response to the well-defined demands of the traveling public. The wealthy passenger desires luxury and speed, the business man comfort and speed, while to those whose salaries or wages are small, economy is the first consideration. Some persons wish to be alone or to have a minimum of disturbance on the part of other passengers, while other travelers enjoy social intercourse with their fellow passengers. Thus differences both in economic conditions and in social standards give rise to classes of service.

Broadly speaking, there are three definite classes of passenger service in Europe, and two in the United States. In some countries, there is a fourth class; and in the United States, there are in addition to the Pullman and "first class"—the two standard and regular services—certain special and irregular services inferior to the first class. In all countries there has been not only a growth in the vol-

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ume of traffic as population has become denser and per capita wealth has become larger, but there has also been a greater specialization in the service. The railways have sought to meet the economic and social conditions of different classes of society by offering several classes of passenger service. The present tendency in most countries is not to reduce the number of classes, but to maintain three definite grades of service.

With the exception of some of the German States, three classes of service are provided in each European country. Prussia has four classes and in addition a special service for soldiers; in some other countries, also, there are special rates and accommodations for soldiers. The division of passengers among the several classes upon the railways of representative European countries and of British India is shown by the following table:

DIVISION OF PASSENGERS AMONG CLASSES IN SELECTED EUROPEAN COUNTRIES AND IN BRITISH INDIA

COUNTRY.	Year.	Per cent of all passengers in class.					
		1	2	3	4	Military	Total
Prussia-Hesse . . .	1908	.17	9.40	43.15	46.20	1.08	100
Saxony	1907	.19	5.99	57.09	35.41	1.32	100
German Empire . .	1905	.35	9.00	55.72	34.93	....	100
Switzerland	1906	.91	9.47	84.88	4.74*	....	100
France	1905	4.41	24.69	70.90	....	....	100
Belgium	1907	.82	10.52	88.66	....	....	100
Netherlands	1907	4.00	21.75	74.25	....	....	100
United Kingdom . .	1905	3.04	4.38	92.58	....	....	100
British India	1907	.26	1.15	3.43	95.16	....	100

* "Einheitsklasse." Not fourth class, but traffic on lines where only one class is provided.

Many significant facts concerning the passenger service on European railways are indicated by this table. The first

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class is very little used, and in most countries but a small percentage of the total travel is in the second; most passengers ride in the third class, or in the third and fourth class compartments and coaches. Only in France and the Netherlands is there much patronage of the second class—the use of the upper classes in those countries being readily explained by the comparative prosperity of the people and by the relatively inferior accommodations afforded by the third-class service. Moreover, the chief increase in traffic, year by year, is in the classes below the second. The low fares of the third class, and particularly of the fourth, together with the rising degree of comfort obtainable in the third class and the greater number of discomforts avoidable in the fourth class (where such a service is maintained), have caused the masses of people to travel frequently. The middle classes ride in the third class, and when there is a fourth class, it is patronized by the laboring people.

On the Prussian-Hessian railway there are more fourth-class than third-class tickets sold; and the number of persons traveling fourth class is nearly five times the number using the first and second classes. What is usually termed the trend of traffic from the upper to the lower classes is shown with especial clearness by the growth of the fourth-class travel in the German Empire. From 1897 to 1905, the percentage of the total traffic contributed by the fourth class rose 7.3 per cent, while the percentages contributed by the third, second, and first classes declined 5.08, 0.5, and 0.02 per cent. Generally speaking, however, the volume of travel in the first and second classes has not declined absolutely; on the contrary, it is increasing, but at such a slow rate as compared with the third and fourth classes as to cause the upper classes to comprise a declining percent-

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age of the total. The most accurate way to measure the relative progress of the traffic handled in the several classes is to note the increase of the passenger mileage or kilometers, of each class. During the ten years ending in 1907, the passenger kilometers of the first-class traffic of the standard gauge railways in Germany increased 21 per cent; of the second class, 29 per cent; of the third class, 36 per cent; and of the fourth class, 144 per cent. In 1898 the passenger kilometers of the fourth class were 32 per cent of the total for all four classes; while in 1907 they were 46 per cent of the total.

An especially large use is made of the third class in the United Kingdom where there is a great volume of short-distance traffic and where the third class is made more comfortable than it is in other countries. The British statistics do not include commutation traffic; but, as that consists mainly of short-distance travel to which the third class especially appeals, the inclusion of commutation tickets would probably not decrease the percentage of the third class. In none of the other European countries mentioned is the second class so little patronized as in Great Britain. Indeed, some British roads have practically withdrawn the second class; and the statistics show that this class constitutes a decreasing percentage of the total traffic, while the third-class percentage is rising rapidly and the first-class share is gaining slowly.

In British India, over ninety-five per cent of the travel is in the lowest class, which is nominally third but in reality fourth, there being an "intermediate" class between the second and the lowest class. In the table, the intermediate class is entered in the third class column and the "third" class in the fourth class column. In India the population is dense, the average income is very small,

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the people are poor, and the standards of comfort are exceptionally low. Fares must be cheap, comforts may be reduced to a minimum, the trains may be crowded full of people, and run at a slow speed. The railways have met these economic and social conditions by an exceptionally cheap and inferior service which has proven profitable at fares one fourth the average of those prevailing in the United States. The poor, but cheap, service is the only one that could succeed in India.

In the United States, the great majority of passengers ride in the "first" class day coaches, and it is customary to say that American railways do not provide different classes of service; but, as a matter of fact, the rapid increase in the use of Pullman cars has established a well-defined class above the so-called first. Sleeping cars are now attached to practically all trains that have all-night runs, and nearly all long-distance trains, and many with runs of less than a hundred miles, either have dining and parlor cars, or have buffet parlor cars; and while these extra-fare coaches are seldom operated over local and branch lines of railroads, and are attached only to the better trains run on the main lines, their use is becoming increasingly general. This is shown by the fact that the number of passengers using Pullman cars increased from 6,015,818 in 1899 to 18,603,000 in 1908, a gain of 209 per cent during that decade; while during that time the total number of passengers carried by the railways increased seventy per cent.

In 1908 the Pullman car passengers were two per cent of the total number of persons carried by the railways. Most persons constituting the other ninety-eight per cent rode in the first-class day coaches; but a considerable, though unknown, percentage consisted of passengers who

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secured services inferior to the regular first class, and for which they paid less than first-class fares. Indeed, there are, upon some roads and in certain parts of the country, two grades of service recognized to be below the first class—the second class and the immigrant services.

Second-class tickets are sold to some extent in the South and West, and, in connection with steamship lines, between New York and New England. The degree to which the second-class service has been developed, and the relation of second- and first-class fares have been discussed in Chapter XXX. American railway managers have not looked with favor upon the second class; and in this regard American policy has differed from that prevailing in Europe where the third class—corresponding to our second—has come to include the major share of the traffic.

Two services which are inferior in speed and comfort to the first class are the frequent, but irregularly run, cheap excursions, which are usually handled in first-class coaches, and the accommodation for western tourist traffic which upon some railways has become a regular service for which special tourist or second-class coaches are used. The well-organized tourist traffic is an important feature of the passenger business of the Pacific roads; trains of “tourist” coaches, convertible into sleepers at night, furnish a fair amount of comfort at second-class rates. This, however, is a special and extraordinary service maintained for a particular species, and not for a general class, of traffic. It has few analogies with the European third class.

The same is true of the service provided for immigrants, who are transported from seaboard to inland destination in car loads or train loads. Usually, old coaches, nominally first class—are used for this traffic; the cars are crowded, and the trains are run at an economical speed. The ac-

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commodations are inferior to those provided on our tourist and second-class coaches; indeed, the immigrant service might accurately be called the American third class.

Why, it may be asked, do not American railways seek to increase traffic by offering people of small income—who constitute the majority of the population of every country—a fairly comfortable service, at about two thirds of the first-class fare, and available on all trains except those that are express or extra fare? The answer most frequently given is that such a service is not demanded by the traveling public in the United States, which answer implies that the people in the United States, for some reason, are unlike the population of other countries. Probably, it would be more accurate to assume that the passenger policy of American railway officials differs from the policy of European railway officers and administrations, and this for reasons not difficult to find.

The general tendency of passenger transportation in the United States has been toward excellence of service, greater comfort, luxury, and speed, and not toward lower fares. The assumption is that the American people have a high average income, and that the railways can increase their profits more surely by offering services of a high grade than by maintaining a less expensive service at low fares. The effort of American railway officials has been to keep fares as high as they can be kept without interfering with a healthy growth of traffic. The maintenance of a regular second-class service at relatively low fares for the purpose of stimulating greater travel on the part of the masses of people would run counter to the policy that has been consistently followed in the United States, and that, all will admit, has been successful. The American people have a good passenger service, and the railways have had

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a steady growth in volume of traffic, and consequently a fair, though not large increase, in their net earnings.

Moreover the adherence to the policy of restricting the service mainly to the first class, and of maintaining the fares of that class, has apparently been justified by the rapid growth of Pullman traffic—of a demand for a more expensive service than the regular first class. Two classes of service have come to exist by the development of a definite class above, not below, the first class. Furthermore, our railways are finding an increasing demand for a service still better than that provided in Pullman coaches attached to regular express trains, i. e., for the service of the eighteen-hour specials between New York and Chicago, and of other extra-fare, high-speed trains composed entirely of the most luxuriously appointed Pullman coaches.

To some extent, the second-class service, not obtainable from the steam railroads, is being provided by the interurban and long-distance electric lines. For instance, the Pennsylvania Railroad maintains three services from Philadelphia to Atlantic City, one by the “bridge” route over the Delaware at Frankford, for which the return trip charge is \$2.50, another by ferry to Camden and thence by steam railroad, for a round trip \$2.00 fare; and a third by ferry to Camden and on by an electric railway, the return trip fare being \$1.50. The fast express trains on the steam railroad make the run from Camden to Atlantic City in 54 minutes, other trains take somewhat longer; the running time of the electric line is an hour and a half. In New England, parts of the middle West, Southern California, and in other sections of the country the rapidly increasing electric lines are furnishing a somewhat slower and cheaper, but often a more convenient service than that of the steam railroads. This essentially second-class service

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is largely patronized. Indeed, it has called into being a large volume of traffic that did not exist prior to the opening of the electric lines.

The classification of passenger traffic in the United States is still in the process of development, but the tendency is manifestly toward the maintenance of more definite classes of service. The very growth in the volume of traffic, consequent mainly upon the rapid increase in city population and upon the rising income of the average man and woman, strengthens this tendency. Whether the evolution of the passenger services of our railways shall parallel that of the development of the service upon European roads, or whether we shall follow another line of progress is for the present uncertain.

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CHAPTER XXXV

PASSENGER FARES

Subjects included in discussion—Official machinery of fare making—Bases of passenger fares—Cost—Value of service—Density of population—Average per capita income—The intensity of the travel desire—Excursion fares—The question of a “normal” fare—Ratios of tourist fares to regular fares—Fare policy of American railways in general—Influence of social considerations in Europe and America—Dominance of commercial forces in making fares in the United States—Causes accounting for maintenance of the two cents per mile receipt in United States—References.

IN preceding chapters of this volume an account has been given of passenger tickets, of the various passenger services, and of the adjustment of the charges for those services with reference to the promotion of traffic. It will, for this and other reasons, be possible to make the discussion of passenger fares much briefer than the account of freight rate making was made. There is a distinct system or structure of freight rates in each large subdivision of the United States, and the account of rate making required a separate description of each rate system. In the case of passenger fares, on the contrary, there are no such differences among the several sections of the country as regards the practice and policy of the railway companies in fare making. The same general system of passenger fares, with minor variations to meet particular traffic conditions, pre-

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vails in all parts of the United States, and the system can be described as a whole.

The three subjects to be discussed in this chapter, are (1) the official agency or machinery by which fares are determined and put into force; (2) the bases upon which the fares thus made rest, or the factors that control in the making of fares; and (3) the salient features of the fare-making policies of American railroad companies. These general topics will be considered in turn.

I. THE OFFICIAL MACHINERY OF FARE MAKING

The account of the organization and services of the passenger department given in Chapter XXVII gave the titles of the officers that have to do with making fares, and stated what are the general duties of each of the higher officials. In the case of the Pennsylvania Railroad Company, the work assigned to the several grades of traffic officers was defined with more detail. The company's "By-Laws" place the passenger department in charge of a Vice President and the Passenger Traffic Manager, and the latter official has general oversight over fares. "All rates and arrangements for the transportation of passengers shall be subject to the approval of the Third Vice President or that of the Passenger Traffic Manager, and notice of the same as soon as fixed shall be sent to the Comptroller."

It is the practice of all railroads to place the General Passenger, and the Assistant General Passenger Agent in direct charge of the making of fares. They must decide what charges will produce the best results as regards traffic and earnings, but they are largely guided by information received from the District Passenger and the Division Ticket Agents.

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It will be recalled that the Assistant General Passenger Agent of the Pennsylvania Railroad Company in charge of local traffic is aided by the Division Ticket Agents who "have charge of the passenger business of their respective divisions," and who "give special attention to the development and accommodation of *local* travel." Thus, the Division Ticket Agents are specially qualified to advise their superiors as to fares upon local traffic. Similarly, the District Passenger Agents, who are "charged with the solicitation and care of the *through* and competitive passenger business," are able to give expert advice to the officer whom they assist, the Assistant General Passenger Agent for through traffic, concerning the fares that may best be charged on through and competitive traffic.

The fares to be charged upon exceptional traffic, such as the special excursion and convention business, and the personally conducted tours, are fixed by the General Passenger Agent and Traffic Manager upon the advice of the officials respectively at the head of the bureaus having charge of the several special kinds of traffic.

It hardly need be stated that no large railway company can determine its through and competitive fares, or decide upon the fares it will establish for special long-distance excursions or for conventions, other than those of a local character, without consulting with, and coöperating with, other interested railways. It is well known that competitive and joint fares are established and published by each company after the proposed charges have been reported to the passenger traffic association and have been favorably considered by the members of the one or more associations covering the territory affected by the fares in question. Indeed, it is the general, though not universal, practice for through and competitive fares to be published by the traffic

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association whose chairman thus acts as the agent of the individual companies severally. It being illegal for the railways to unite in making their charges, the chairman of an association does not publish the fares in the name of the organization, but for and as the agent of each railway company. In this manner numerous railway companies may simultaneously publish identical fares. Whether such action is in accordance with the provisions of the Antitrust Act is a question that has not yet been passed upon by the courts.

After the proper traffic officials have decided what the fares shall be on local, through, and competitive, and on special or exceptional classes of traffic, the work of figuring out actual charges, of making schedules of fares, and of preparing the various kinds of local, through and joint tickets can begin. This is the task of the clerks in the rates and division department, whose duties, in the case of the Pennsylvania Railroad, cover the construction of rates, the compilation of rate sheets or tariffs, to be furnished ticket agents and connecting lines, the preparation of tickets, and the apportioning of fares among the lines over which the tickets are valid.

The time tables giving the schedules of trains and other information desired by the traveling public are published jointly by the operating and passenger departments and signed by the General Manager, the Passenger Traffic Manager (if there be one), and the General Passenger Agent. The train schedules must necessarily be worked out under the supervision of the Superintendent of Passenger Transportation in the operating department.

The rates charged for the transportation of baggage in excess of the weight that may be carried free, and the charges made for storing baggage not called for by the pas-

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senger within a specified time—usually twenty-four hours—are determined by the General Passenger Agent under the direction of his superior, the Passenger Traffic Manager or the General Passenger Agent, as the case may be.

II. THE BASES OF PASSENGER FARES

The ordinary unit of charge in passenger fares is distance, the mile; but commutation tickets often entitle the purchaser to daily transportation between designated places for fixed periods of time, usually one or three months. In commutation tickets, both distance and time are determining factors in the making of fares. In many other tickets, moreover, a difference in price is made between the “limited” and “unlimited,” most tickets being valid for a stipulated period which may be two days, two weeks, a month, a year, or until some fixed date.

Whatever the unit of charge may be, the passenger fares must, if possible, produce receipts that will yield some profit after covering two classes of expenses, terminal and line. This is equally true of freight rates; but in the two services the ratios of the two general kinds of expenditure are different. Freight must be loaded and unloaded, and in a large city there must be warehouses, transfer houses, yards, trackage, and many stations located in different parts of the terminal area; and as cities grow in size, freight terminal expenses largely increase. It is, of course, true that a passenger station and terminal in Boston, New York, Washington, St. Louis, or any other large city may cost millions of dollars; but, even then, the expenses per passenger are relatively small for terminals as compared with the outlay for facilities, for equipment and for operation to transport the passengers from terminal to terminal.

The passenger loads and unloads himself, nor does he

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require to be weighed, billed, switched, or stored. A passenger station may cost a large sum, but the expenses of operation are small per unit of service—i. e., per passenger carried and ticket sold. Whereas, in a large city, the terminal cost per ton of freight averages about thirty cents, being much less for such bulk freight as shippers load or consignees unload from sidings or team tracks, and much more for package goods handled through freight houses.

Dr. Walter E. Weyl in his book on "The Passenger Traffic" emphasized this difference between the freight and passenger services as regards the relation of terminal and line costs by saying that "In general, it may be stated that in the freight the terminal and in the passenger traffic the haulage charges are determinant." This is an exaggerated generalization, which, however, is roughly accurate.

Fares must be such as to cover costs or expenses, yet the costs of service cannot be closely determined, because, as was explained in Chapter XX, Vol. I, on the bases of railway charges, many of the expenses incurred in providing railway transportation are joint costs common to all traffic as a whole, and not capable of being prorated among the thousands of transportation services performed. Even the apportionment of total expenses between the freight and passenger services can be only approximate, yet such a problem in cost accounting would be much simpler than that of determining how much of the total passenger cost is attributable to the transportation of a person who rides from one station to another.

Naturally, there are certain obvious cost factors whose general effects are easily discernible. It costs more, of course, to construct a road, to run trains, and thus to carry freight or passengers, in a mountainous than in a level country, and the rates and fares must reflect these cost dif-

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ferences. Likewise the cost per ton of freight or per passenger is greater in an industrially undeveloped or sparsely settled region where traffic is light than in a thickly populated section with diversified industries, where the railways are busy with freight and passenger traffic. Every railroad company will study closely the ratio of total operating expenses to total operating income, and if the ratio runs much above two thirds will seek to reduce expenses or to raise rates and fares, or to do both, and thus to bring costs and charges into proper general relation with each other; but this is hardly to be considered as basing rates and fares upon costs of service.

Charges for passenger transportation must be made with reference to the value which the public as a whole and different classes or groups of the public place upon travel. Fares must correspond with the travel demand on the part of the buyers of transportation. If the price is put too high, the effective demand will be so lessened as to curtail travel; if the price be made unduly low, the increase in actual demand will not be sufficient to make up for the reduction in revenue due to the lowness of the fares.

It is the task of the Passenger Traffic Manager, the General Passenger Agent, and their assistants to measure or gauge the travel demand of the public as accurately as possible, and to adjust fares as a whole and upon each separate category of traffic to that demand. There can obviously be no mathematical rule with which to make this measurement of human desires. The passenger official, in deciding upon fares, must rely upon his judgment, based upon his knowledge of men's motives and upon the results of experimentation with fares of different amounts and services of various grades of excellence and speed; he must feel the travel pulse of the public and prescribe fares according to its action.

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The factors affecting travel demand, and thus the potential volume of traffic, are general and local. They are also permanent and temporary. The nature and influence of these factors may be indicated by reference to a few of the conditions and forces that determine what fares may be charged.

The most general and controlling determinant of passenger fares is the wealth or poverty of the traveling public. Fares may be higher in England than in Germany, and higher in the United States than in England, because the per capita wealth and the average family income are greater in England than in Germany and larger in the United States than in England. The travel desire may be no stronger in the American than in the German—indeed, it is probably not so strong—but, having a larger income, the American is willing to pay more to satisfy his desire. His ratio between money and the satisfaction of his desires is a higher one.

Volume of traffic is further controlled by the density or sparseness of population. If the country or section served is thickly settled and has numerous cities relatively close together, the incentives to travel will be at a maximum and the deterrent influences of long distances and of the discomfort of long journeys will be at a minimum. In Prussia, for instance, the average number of persons carried one mile per mile of railway in 1908 was 627,432, while upon the railways in the United States the average was 130,073. This difference was the result of more than one cause, but is largely accounted for by the greater density of population in Prussia than in the United States.

The greater the volume of travel the lower the fares may be and will be. The law of increasing returns or of diminishing costs operates so strongly in the passenger

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transportation business of the railways that the expenses per passenger per mile fall sharply and the net returns rise markedly with every increase in the volume of business, unless, perchance, an abnormal rise in wages and in the costs of materials should offset the effects of the expansion of traffic. In general, fares are lowest in countries and in those sections of a country where population is densest and the volume of traffic consequently is greatest.

The influence of density of population upon the volume of traffic and upon average passenger fares is well illustrated by the traffic and average receipts per passenger-mile of the New York, New Haven & Hartford Railroad and the Chesapeake & Ohio Railway. The New Haven serves Massachusetts with 347 persons to the square mile; Connecticut with 187, and Rhode Island with 407 inhabitants per square mile; while the Chesapeake & Ohio is located in Virginia, which has 46; West Virginia with 39, and Kentucky with 54 persons to the square mile. The traffic on the New Haven during the year ending June 30, 1906, was 610,416 passengers one mile per mile of line; on the Chesapeake & Ohio the traffic density was only 110,648 passenger-miles per line mile. On the New Haven the average receipt per passenger-mile was 1.6 cents, per train mile \$1.38, and per mile of line \$10,238; while on the Chesapeake & Ohio the higher average receipt per passenger-mile, 2.1 cents, produced a train mile earning of only \$1.17 and a revenue per mile of line of but \$2.365.¹

The density of passenger traffic upon the railways of southern New England is practically the same as upon the railroads of Prussia, and is between four and five times the

¹ The illustration and figures are from an article by William S. Bronson on "The Passenger Rate of American Railways," in the *Railroad Age Gazette*, vol. xlv, p. 1172, June 4, 1909.

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average for the railways of the United States as a whole. This goes far to explain why fares are higher in the United States than in Germany, and why those in New England are lower than those in most other parts of the country.

Fares for local traffic may be influenced or controlled by various local conditions. As will be explained in the following chapter, the competition of interurban electric railways in many sections of the United States is the force controlling the local fares of the steam railroads; and the scope of electric railway competition is rapidly widening with the spread of electric lines.

In general, however, local fares are less competitive than through interline fares are, and, with the exception of commutation fares, are generally somewhat higher, and properly so, because of the greater expense per passenger per mile incurred in handling short-distance, as compared with long-distance, traffic. The cost of running a train 500 miles with few stops is much less than ten times the expenses of a fifty-mile run with calls at numerous stations.

Most suburban traffic is given commutation fares, which must be such as to induce a large and increasing number of people whose occupation is in the city to live in the suburbs or country. If the suburban population consists chiefly of wealthy or well-to-do business men and their families, the commutation fares may be higher than can be charged if the commuters are composed mainly of laboring men and women, shop hands, and clerks.

People on wages and small salaries will live in the suburbs in large numbers only when the monthly outlay for railway fares plus the rent on a suburban home is less than the rent of a place in the city. Thus, commutation fares must be made with reference to the differences between city and suburban rents. The commuter buys transportation by

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the week, month, or three months, instead of by the mile or by the single trip.

Often railways find it profitable to put in force exceptionally low rates to newly established suburbs and to spend much upon advertising to induce people to change their residence from the city to the suburban towns. Later, when these suburban sections have come to contain a relatively large population, living comfortably in their own homes, the commutation fares may be raised without cutting down or checking the growth of the traffic. Whether the fares can be thus raised or not will depend upon the class of population that has been attracted to the suburbs in question; if their average income is low, fares must remain low; if it be relatively large, fares may be made to correspond.

Railway fares as a whole are fixed with a view to enabling the public to satisfy its permanent and continuous demand for travel. It is the regular traffic and the conditions surrounding it that the General Passenger Agent studies first of all and mainly in making fares; but there are temporary travel demands which, if satisfied by offering special services at properly adjusted fares, will add appreciably to the traffic and profits of the railways. Each year hundreds of gatherings and conventions, little and big, local, state, and national, are held, and the number of persons attending these meetings depends largely upon the extent to which the events are advertised by the railways and upon the fares and ticket privileges offered by the railroads. County and state fairs and occasional national expositions create temporary travel demands that may be satisfied either by offering special fares upon the regular trains or by organizing excursions.

The function of the excursion service is to induce persons to travel who would otherwise stay at home. The ex-

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excursion business must be handled at reduced fares, and must be so conducted as to interfere as little as possible with the regular traffic at standard fares. The excursions may be regularly run at certain seasons of the year—to Atlantic City in August, to Niagara in midwinter or in summer, to Southern California in the winter and spring, etc.—or there may be special excursions of many kinds for various purposes. The traffic increases year by year with the growth in prosperity of all classes. The character of service offered will depend upon the class of travelers being appealed to; some excursion trains will contain only high-grade Pullman equipment, while the cheap excursion trains will be made up of more or less out-of-date day coaches.

Every large railroad company recognizes the importance of developing this irregular or exceptional traffic; and it is now the usual practice for each railway to put the convention and excursion business in charge of a separate branch or bureau of the passenger traffic department. The advertisements put out by railways are devoted largely to the convention and excursion trains, another much-advertised service being that of its best and fastest regular trains, publicity being thus given to the economical and the luxurious services.

If it be difficult to gauge the intensity of the general or average travel demand in fixing the schedule of standard fares, it is even more difficult to measure the desire of the public for irregular and exceptional travel and to fix such excursion fares and to provide such excursion facilities as will add to the volume of traffic and increase the company's net revenues. This is, however, a field in which experiment may easily be made; and the present policy of every large railway as regards excursion services and fares is based upon the results of carefully noted experience.

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It is evident from the foregoing discussion that there can hardly be a single passenger fare that may be considered as the normal fare for the railways in the United States as a whole. The average passenger-mile earning or fare of some eastern roads where traffic is large is but two thirds that of some western railways whose long lines stretch through sparsely populated sections. In so far as normal fares can be established, they must be for limited sections of the country and must vary with or have relation to the density of traffic.

It might possibly be said that experience shows that a fare of one and two thirds cents a mile is approximately normal in New England and the more populous parts of the middle Atlantic states, that two cents a mile is roughly normal in the middle West and in the South, except where traffic is lighter than the average, and that two and a half cents is the normal charge in the western two fifths of the United States. Such generalizations are, however, inaccurate and misleading. The fares named correspond in a general way with the average passenger-mile receipts of the railways in the several large sections of the country. The standard fares charged regular traffic are considerably higher than the average receipt per passenger per mile, the average being brought down by the reduced fares given to the many kinds of special or exceptional traffic.

The broadest generalization that can be made upon the general question of normal passenger fares in the United States is that the average passenger-mile receipts for the railways of the United States as a whole have remained practically stationary for many years at approximately two cents. In 1898 the average was 1.973 cents; in 1903 and 1904, 2.006 cents; in 1907, 2.014 cents; and in 1908, 1.937 cents. This seems to indicate that an average fare of two

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cents per mile is adapted to average American conditions; but to produce an average earning of two cents per passenger-mile the regular fares must be somewhat higher to offset the effect of reduced charges, and all fares must range lower in those parts of the country where population and traffic are dense than in those newer sections where traffic is light, or in the mountainous districts where traffic is small and operating expenses are large.

The ratio of tourist and excursion fares to regular charges is fairly definite, and is well illustrated by the reductions given on the various kinds of tickets sold for the Jamestown Exposition in 1907, which were as follows: ¹

Tickets valid to close of Exposition: eighty per cent of double one-way fare.

With sixty-day limit: one and one third single fare, amounting to about two cents a mile.

Fifteen-day limit: one-way fare plus two dollars, equal to one and one half cents a mile.

Ten-day limit: one cent a mile, tickets good only upon day coaches.

Ordinary tourist fares are eighty per cent of double the maximum one-way fare, but convention and excursion tickets, valid for a short period, are sold at much lower rates. Such great gatherings as the Grand Army of the Republic or the Confederate Veterans may be granted fares as low as one cent a mile. State and county fairs and most meetings of business and scientific bodies are granted temporary fares of one and a half to two cents a mile. Cheap excursions run on Sundays and holidays to attract wage earners must be given fares not exceeding one cent a mile. In some communities a lower fare than this is necessary.

¹ W. S. Bronson, *Railroad Age Gazette*, vol. xlvi, p. 1174, June 4, 1909.

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Concerning cheap excursion fares, Mr. William S. Bronson, Assistant General Passenger Agent of the Chesapeake & Ohio, says:

“ In fixing these rates we consider the circumstances and interest surrounding the cause for travel, well knowing that these travel causes are at best precarious and cannot be met by an ordinary rate. In many cases it is necessary to create the cause for travel by a rate low enough to accomplish its purpose, and even then the time must be opportune, for there are certain times when no rate, however low, will create travel. Assuming a rate fixed, it is well understood that this business, if profitable at all, is so only in train-load lots; and even then much of it barely shows the proper insurance percentage, for the loss of one accident might wipe out a whole year's earnings derived from this travel factor. But as it is the policy of many lines to meet existing causes for travel or create new causes by the necessary rates, such lines take this business chance whenever they see the opportunity of conducting a profitable excursion, first expense alone being considered—that is, the cost of advertising and train service.”¹

The fact that the average passenger-mile earning of American railroads has remained constant for a number of years, and that there is a general uniformity of practice among railways as to the percentage of reductions made from standard fares in fixing different kinds of tourist and excursion fares, does not prove that the general and exceptional travel demands of the public have been accurately measured; but the general and continued adherence to similar fares and services by the intelligent and keen traffic officials of many railroads, all seeking constantly to

¹ *Ibid.*, “The Passenger Rate of the American Railway.”

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develop business, is strong presumptive evidence that existing fares are normal in the sense that they harmonize with American conditions.

III. THE PASSENGER FARE POLICY OF AMERICAN RAILROADS

In every country, the passenger fare policy followed by railway companies must be in causal relation with their ideal as to the character of service that shall be rendered. In general, high fares are associated with high-grade service and low fares with inferior and less expensive service. It is generally assumed that the character of service rendered determines what the fares must and shall be. However, the reasoning of Dr. Walter E. Weyl in his book on "The Passenger Traffic of Railways" proceeds in the opposite direction, his theory being that the service can only be such as the fares obtainable from the public will permit. If the buyers of transportation, as in India, are poor, the fares must be low and the service rendered must be correspondingly inexpensive. If the people served have relatively large average incomes, the charges may be in proportion, and the revenues will defray the expenses incurred in providing comfort, luxury, and speed. In India the railways are compelled to charge only one fourth as much per passenger per mile, on the average, as the railways in the United States are able to collect; hence the service in India must be cheap and poor, while it may be excellent in the United States.

This is valid reasoning, but it does not tell the whole story. While it is true that a railway company can afford to render only such service as possible fares will permit, it does not follow that the railroads in the United States are now charging, or have in the past exacted, the highest fares the traveling public can pay or could have paid. Although,

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as was stated above, fares are made with reference to the value which the public puts upon travel, the full amount of that value may not be exacted in the fares as established. Indeed, there is in the United States a margin in the case of most regular passenger services between what fares are and what the full value of the service would permit them to be. In other words, if our railroad companies find that, because of an increase in the costs of the service, the net return from the passenger traffic is insufficient, they can raise fares. They can, if they will, adjust the fares to the service.

The service ideal of American railways is high, because the traveling public desires a high-class service. In every country the men who manage the railroads seek to provide the service the public wishes to have. If the general standard of living is low, the railway service demanded will correspond, and if the standard of living is high, the same will be true. In the United States the prosperous and well-to-do classes of society seem to place an exceptionally high value upon securing comfort and speed while traveling; and there has never been any question as to their willingness to pay the fares required to support such a service. Indeed, it is probable that considerably higher charges might be made for the best grades of service without much checking the traffic. This would not be true of such inferior accommodations and services as are now provided at reduced fares to induce wage earners to travel. There is as definite a demand for a cheap service as for a fast and expensive one, and doubtless the demand for cheapness is the more widespread.

Railway passenger fare policy hinges mainly upon the relation of fares to net revenues, the constant effort of every railway company being to secure the volume of traffic

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and to maintain the fares that will jointly yield maximum net profits. Net revenues are the resultant of three factors—traffic, rates, and operating expenses. The transportation department seeks to operate the railway as economically and efficiently as possible; the traffic officials endeavor to keep revenues at a maximum by establishing the rates and fares that will enable traffic to move in large and increasing volume. The rate and fare policy that yields largest net returns in the long run is not to make charges as high as they might be put at any given time, but, while keeping them high enough to be profitable, to maintain them at a level enough below the maximum to guarantee the unhampered growth of industry and travel, and thus of traffic. This, it may be said with confidence, has in the main been the policy of American railway managers.

In every country, however, social as well as economic considerations influence passenger fares. The degree to which social aims affect rates and fares—the extent of the socialization of railway charges—is greatest in Europe, where the railways are owned and operated by the government. In other countries, where the railroads are still in the hands of corporations, the extension of government activities in matters of social welfare is such as to cause the state to insist upon a large measure of socialization of railway rates and fares. The adoption of the zone tariff system by Hungary in 1889 was largely for the purpose of increasing the long-distance travel between the peripheral portions of the kingdom and Budapest, the political and cultural, as well as the physical, center of the country. It was also desired to enlarge the volume of short-distance or suburban traffic into and out of Budapest and other large cities, and thus to enable people to live more comfortably. In Prussia the reduced-rate tickets to school children and to

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workingmen, and, indeed, the very cheap, although inferior, fourth class, much used by the peasant and artisan classes, are evidence of the influence of social aims in the making of fares.

The railways in the United States, being owned by corporations and operated for private profit, naturally have charges that are determined mainly by commercial forces; but practically all companies grant reduced fares to clergymen and to persons connected with charitable institutions. In some sections special tickets are sold to school children, and to some extent many of the low-fare tourist, excursion, harvesters', land seekers', and other exceptional tickets are sold for the purpose of bettering social conditions. The main purpose of the railway managers is to secure present or prospective profit for the stockholders; but it would be as unjust as inaccurate to say that philanthropic and social motives are not also influential.

The general policy of American traffic officials, as has been pointed out, is to give chief attention to the development of the first-class and Pullman services and to meet the demand for cheaper accommodations rather by providing temporary and exceptional tourist and excursion services at fares from one half to four fifths the regular charges than by following the practice of the railways in most countries of maintaining a regular third, or, as we should call it in the United States, a second-class service.

In many sections of the United States a partial equivalent of the European third-class service is being provided by the rapidly spreading net of electric interurban railways; and for the most part the traffic officials of the steam railroads are of the opinion that it will be useless for the steam lines to endeavor to attempt to compete in services and fares against the electric rivals. It is thought best to

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allow the interurbans to develop, and, if they become a serious competitor, to bring about the coöperation or consolidation of the steam and electric lines.

The average receipt per passenger per mile, or, as it is usually termed, the average fare, has been kept at the relatively high figure of two cents in the United States as the result of a threefold policy: (1) The omission from the regular passenger train accommodations of a grade of service below the first class. Such a service in the United States would correspond to the third class in European countries having well-managed railroads—a class that is patronized by seventy to ninety per cent of all passengers in Europe. (2) The relatively large and the growing use of Pullman coaches and the operation of an increasing number of high-speed extra-fare trains, which means that the railways are seeking to meet the public demand for an excellent and expensive service rather than the demand for an economical service. (3) The rapid expansion of electric interurban railways, which are already handling much short-distance and low-fare traffic that would otherwise come to the steam railroads. The growth of electric railway patronage has lengthened the average journey of steam railroad passengers, and has tended to prevent the decline in the average fare per mile.

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CHAPTER XXXVI

INFLUENCE OF ELECTRIC RAILWAYS UPON THE FARES AND SERVICES OF STEAM RAILROADS

Growth of electric railways—Sections of country in which most developed—Competition with steam roads in passenger service, in general—Advantages of electric lines as regards: Fares; Frequency of service; Convenience and comfort; And surmounting grades—Methods employed by electrics to attract traffic—Effect of electric railways upon steam roads as regards: Short-distance traffic; Local service; Local fares; Consolidation of electric with steam lines; And electrification of steam roads—Competition of the electric with the steam roads in the freight and express traffic—Volume and nature of electric freight traffic—Character of the service—References.

THE growth of the electric railway system of the United States has been so rapid during the last half decade that the traffic and operating departments of many steam railroads have given it their earnest attention. As is shown in the table (see page 232) from a Bulletin issued by the United States Bureau of the Census, the mileage of electric railways in five years increased by 53.5 per cent, passengers carried by 63.3, and gross income 71.6 per cent.

The electric railways that chiefly concern the steam railroads are the suburban and interurban lines. The latter account for the larger share of the recent growth, and have become of primary importance in certain regions.

The interurban electrics are most highly developed in (1) the Central Western States—Ohio, Indiana, southern

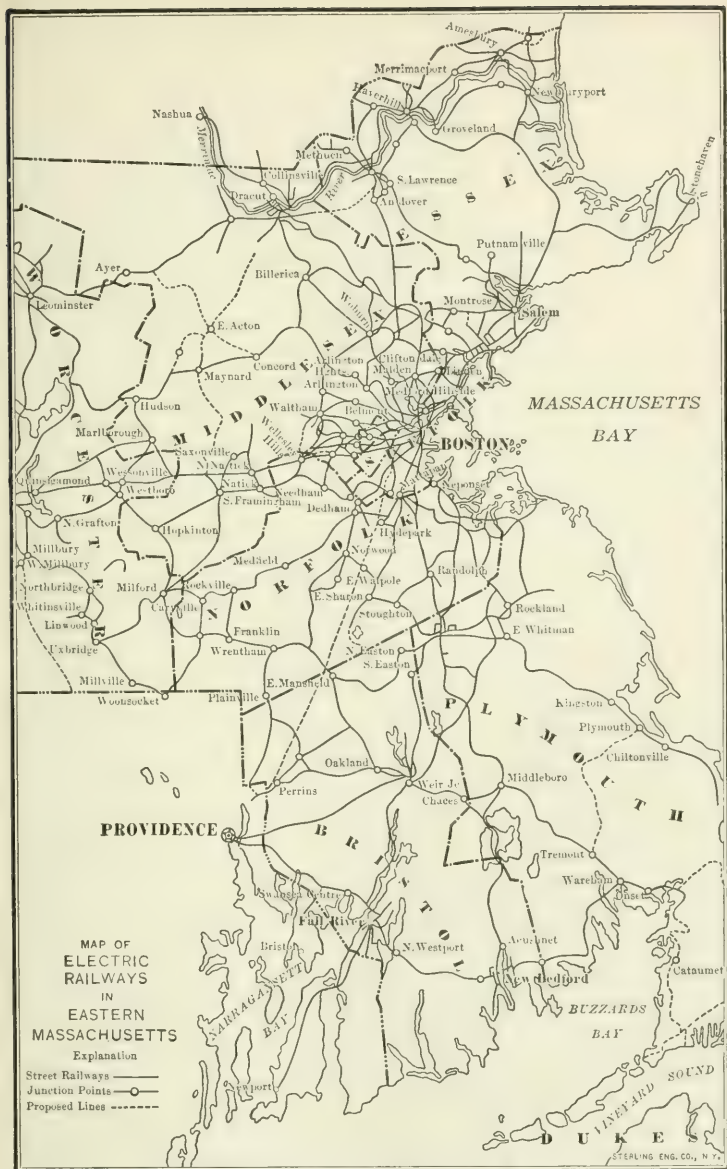
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GROWTH OF ELECTRIC RAILWAYS

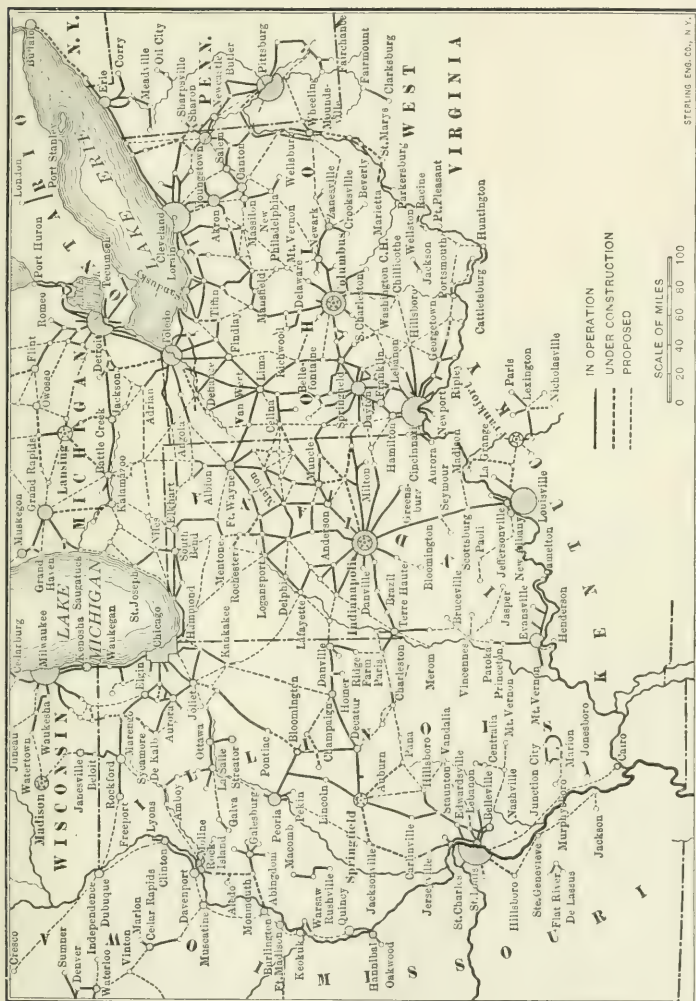
ITEM.	1902.	1907.	Per Cent of Increase.
Number of Operating and Lessor Companies.....	987	1,236	25.2
Length of Line (1st Main track), miles.....	16,645.34	25,547.19	53.5
Total Length of Single Track, miles.....	22,576.99	34,403.56	52.4
Total Number of Cars.....	66,784	83,641	25.2
Passenger Cars.....	60,290	70,016	16.1
Other Cars.....	6,494	13,825	109.8
Passengers Carried.....	5,836,615,296	9,533,080,766	63.3
Total Car Mileage.....	1,144,430,466	1,617,731,300	41.4
Gross Income.....	\$250,504,627.00	\$429,744,254.00	71.6
Net Income.....	\$30,596,977.00	\$40,340,286.00	31.8
Capital Stock (Par Value).....	\$1,315,572,960.00	\$2,097,708,856.00	59.5
Bonds (Par Value).....	\$992,709,139.00	\$1,677,063,240.00	68.9
Total Employees.....	140,769	221,429	57.3

Michigan, Illinois, eastern Wisconsin, and eastern Missouri. It is now possible to travel by electric railway from Sheboygan, Wis., or Rockford, Ill., to Port Huron, Mich., Louisville, Ky., or Westfield, N. Y., with but one small gap in the continuity of the line. (2) New England is a second home of electric interurbans. Over 5,300 miles of electric railway track are located here; and in Massachusetts there are 2,233 miles, or 128 more than the mileage of all steam railroads operating in the state. Other special sections are (3) New York, in the Hudson and Mohawk valleys and the region tributary to Buffalo; (4) Pennsylvania, in the southeastern and northeastern and western valley regions, and (5) the Pacific Coast, in Southern California and the regions adjacent to Portland, Spokane, and Puget Sound.

In discussing the competition between the electric lines of these regions and the steam railroads, it is convenient to separate the passenger from the express and freight service. The former is of predominant importance in the electric railway business and is the object of keenest competition. The express and freight service accounts for but 1.7 per



MAP 1.



MAP 2.—INTERURBAN ELECTRIC LINES IN WESTERN PENNSYLVANIA, IN OHIO, INDIANA, AND ILLINOIS, AND IN SOUTHERN MICHIGAN AND WISCONSIN.

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cent of electric railway traffic, and increases rather than decreases the traffic of the steam lines.

COMPETITION IN THE PASSENGER BUSINESS

When electric suburban and interurban lines were first constructed there was little competition, for most of them were built in territory not served by steam railways. There is usually a strip of from ten to thirty miles in width between the main lines of the steam railroads, and in many instances there was not sufficient incentive to build spurs into this territory. It is in such regions that the interurbans were first constructed, and the traffic which they carried was not competitive, but newly created. It did not impair the earnings of the steam lines, but increased their revenues by carrying passengers to their terminals and by stimulating travel.

A considerable portion of the passenger traffic of the electric lines is still of this newly created kind, and does not injure the steam railroads. But in recent years electric lines have been built parallel to steam roads and between cities and towns formerly served only by steam lines. The electric interurbans have discovered their ability to compete successfully with their steam rivals, and no longer confine themselves to neutral territory. Most of the competition has been for short-distance traffic of from one to fifty miles. A beginning has also been made in long-distance electric service. Through services, for instance, are rendered between Indianapolis, Ind., and Lima, Ohio, a distance of 188 miles; between Cleveland and Toledo, 118 miles; Danville and Springfield, Ill., 130.7 miles; East St. Louis and Springfield, 96.6 miles; Danville and East St. Louis, 227 miles; and Dayton and Toledo, 162 miles. A few years ago a trip by electric railway of fifty miles was considered a long-dis-

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tance journey, but at present runs of 150 miles are a frequent occurrence.

While the traffic over these long-distance routes is reported to have steadily increased, it is the short-distance service which has so seriously invaded the passenger business of the steam railroads. For distances of fifty miles or less the electric lines have certain decided advantages.

(1) When electric interurbans were first constructed along the country highways their favorite method was to charge fares considerably less than their steam rivals, wherever such rivals existed. The usual fare on steam railroads at that time was three cents a mile, but since then, partly because of state legislation and electric railway competition, it has been reduced. Increasing costs and the discovery that lower fares are not essential has latterly induced many electric interurbans to raise their fares. On the whole, electric railway fares still average less than those of steam railroads, but the difference has been considerably reduced.

As stated in the *Electric Railway Journal*,¹ "it has been the general experience of interurban railways, both in competitive and noncompetitive territory, that low rates have less effect on the promotion of traffic than the frequency, comfort, and convenience of the service rendered. At the same rates, or in some cases at lower rates, the steam roads have not been able to compete with the interurbans for traffic carried moderate distances of, say, less than fifty miles."

(2) The leading advantage of the electric line at the present time is its *frequency of service*. This is due to the inherent difference between electric and steam power. The former is generated at a central power plant and is con-

¹ Vol. xxxv, No. 5, p. 174, Jan. 29, 1910, "Raising Fares on Interurban Roads."

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veyed to the electric motors as it is needed, in small or in large units. The electric line can, therefore, operate small trains or single cars at a profit, and can consequently run more trains than the steam line. The steam road obtains its power from the locomotive for each train separately, and the very small train or single car under such conditions cannot be profitably operated.

(3) Aside from the great *convenience and comfort* resulting from the frequent service, the electric line has certain allied advantages. The electric car or train can be stopped in much less time than the steam locomotive and train, and in starting has a still greater advantage. This enables the electric line to make stops at more points to receive passengers and still maintain a fair average speed. The managers of the best interurbans aim to reduce the number of stops in through business to a minimum because of the resulting increased costs and reduced speed, but they still have a marked advantage in this regard.

Comfort and convenience are further increased by the absence of smoke and cinders. Some interurbans and most suburbans likewise have the advantage of entering the heart of the cities and towns over the tracks of urban lines and of getting near to the residences and offices of the traveling public. The use of the main streets of a city is not always a desirable practice, however, because of the resulting slow schedules and the danger of accidents. The policy of remaining independent of the main streets has lately been the general practice.

(4) The electric train possesses an advantage in its ability to travel over heavy grades at a less cost and with greater speed than the steam locomotive and train. It can, in fact, surmount grades which it would be physically impossible for the steam locomotive to climb. Heavy grades

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increase the costs of electric operation materially, and the engineers of up-to-date lines carefully select their routes, but the increased costs due to grades are very much less for the electrics than for steam railroads.

The electric railways pursue various methods of increasing their passenger traffic at the expense of their steam competitors. One plan is to improve their service so as physically to approximate or excel that of the steam railroads. Most recent interurbans are constructed on private rights of ways, carefully selected with respect to grades and traffic. In no other way can they develop speed equaling that of steam railroads. For the same reason, and also in order to obtain a smooth track, they are constructing substantial roadbeds, with adequate ballast of gravel, crushed rock, slag, or other material approved by steam railway engineers. They are reducing the number of stops so as to reduce their costs and increase their speed. It has been found that the great bulk of their passenger traffic is between the large city terminal and smaller surrounding cities and towns rather than throughout the farming communities, and they are operating their trains so as especially to accommodate this traffic.

The electric railways are rapidly improving their present equipment. Large, heavy cars are introduced to meet the demands of heavy traffic and rapid speed. Some of the cars contain smoking, toilet, and baggage compartments, while others, on lines operating through towns, provide special baggage and smoking accommodations. Various electrics have introduced sleeping, dining, and parlor cars. One company, for instance, operating between St. Louis and Peoria, Ill., advertises reduced berth fares, a free breakfast, and "tipless porters" as innovations designed to divert traffic from the steam railroads. In 1907, 118 special cars,

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including parlor, private, sleeping, dining, general, pay, and hospital cars were reported to the Census Bureau, and during the last three years this number has largely increased.

Between widely separated points many electric interurbans are operating through trains or cars, so as to avoid the need of changing cars. This is either done by attaching the through car to a local car or train at the end of each line of the through route or by running a through car or train over the entire route, without change. Many lines also sell through coupon tickets at point of origin. In some sections interchangeable mileage books or tickets are sold, and a joint Ticket Clearing House is organized to account for the receipts and to distribute them among all the concurring lines. In 1909 a joint passenger tariff¹ was adopted by thirty electric lines on over 2,700 miles of track in Ohio and Indiana, the tariff being filed with the Interstate Commerce Commission by the Central Electric Traffic Association. Some electric lines rendering a through service over long distances are taken into the local passenger traffic bureaus of steam railroads, so as to obtain uniformity in the competitive fares. A typical instance is the recent passenger rate conference of the Illinois Traction System, the Chicago & Alton, Illinois Central, and the Chicago, Peoria & St. Louis Railroad.

A policy of traffic development adopted by electric lines is *traffic solicitation and advertising*. Time cards, announcing the time of arrival and departure, are placed in the newspapers as a convenience to the traveling public and shoppers. Similar time cards are also posted in railway

¹ Joint Tariff No. 3, issued October 14, 1909, effective on interstate traffic, November 24, 1909; and on intrastate traffic in Indiana and Ohio, October 24, 1909.

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stations and other conspicuous places. Some lines advertise special events and points of interest, such as excursions and pleasure resorts, in newspapers, folders, "flyers," and in car windows.

Electric railway competition in the passenger business has affected the steam railroads in several definite ways:

(1) It has at many points seriously *reduced their short-distance passenger traffic*. In spite of the increasing density of population, the average distance traveled on steam lines has increased from 25.04 miles in 1897 to 32.86 miles in 1908, or thirty-one per cent. This short average journey, moreover, disproves the idea that short-distance traffic is of slight importance to steam railroads. In 1895, for instance, the Lake Shore & Michigan Southern Railway carried 203,014 passengers between Cleveland and Oberlin and intermediate points. In 1902, after an electric interurban had been well established, this traffic had fallen to 91,761, and the number carried between Cleveland and Painesville declined from 199,292 to 28,708. The passenger traffic of the New York, Chicago & St. Louis Railroad between Cleveland and Lorain likewise fell from 42,526 to 9,795. Out of fourteen steam railroads making special reports to the United States Census Bureau in 1902, all reported very material decreases in their short-distance competitive passenger traffic. Similarly, in 1907, the bureau received reports from thirty-four steam railroads, and all but one of those replying to this inquiry reported heavy losses. Those stating definite proportions reported losses varying from twenty to one hundred per cent. The Central Railroad of New Jersey, competing with ten electric railways, stated that these lines "have taken practically all the short-haul business" between competitive points. The Lehigh Valley Railroad, competing with fourteen electric railways, showed considerable loss on

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distances of ten miles or less. The Chicago, Indianapolis & Louisville Railway, competing with one interurban, suffered a loss of seventy-eight per cent in its passenger business between competitive points during the first year. The Cincinnati, Hamilton & Dayton Railroad competes with eleven electric companies, and its short-haul business has been materially cut down. The Baltimore & Ohio Railroad reported losses at some points of fifty per cent, and the Chicago, Milwaukee & St. Paul Railway stated that at some points the loss is not appreciable, while at others it is as high as forty per cent.

None of the steam railways reported any serious inroads upon their long-distance passenger traffic, and some stated that this branch of their business was increased by the electric lines acting as feeders.

(2) *The local service of the steam railroads* has been variously affected on different lines. Some railroads, in order to combat the electric lines, have put on more small trains and make more stops than before. Others have lost so heavily in the local passenger business that they have decreased the number of local trains or make fewer stops. Various steam railroad officials have predicted that they may some time willingly yield all or most of the short-distance business to the electric lines. Not only is the local business, with its low commutation fares of from one and a third to one and a half cents per mile, among the least profitable of their traffic, but by relinquishing it they can better handle the more profitable long-distance passenger business and the freight traffic, which yields over seventy per cent of their earnings. In periods of prosperity the steam railroads have repeatedly shown themselves unable to handle adequately all the traffic available, and some officials believe that valuable trackage space and equipment

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are taken up by the local passenger business. It is further contended that by carrying passengers to the railroad terminals and stimulating the traveling habit the electric lines have materially increased the long-distance passenger traffic of the steam railroads. This partly retrieves their losses in the local passenger business.

(3) The electric railway competition has in many cases *reduced the local passenger fares* of the steam lines. This was particularly obvious during the earlier years of electric railways, when they pursued the policy of reducing their fares in order to develop their traffic. The steam railroads have since reduced their fares, and the electric lines are beginning to raise theirs, so that the effect of electric competition on fares is less obvious. During recent years few reductions in local steam fares have been made, while some have been raised, but the low level of local passenger fares on many steam lines is due largely to the fares on electric railways. Ordinarily the fares of the electric lines are a little lower than those of the steam lines, and this, together with the more frequent and convenient service, prevents the latter from freely raising their fares or compels reductions unless the steam roads are willing to sacrifice their local passenger business.

The effect of electric competition on fares charged by steam railroad companies depends upon the policy of the traffic department. Some steam railroads have for several reasons reduced fares but slightly, because of the effect which reductions of certain local fares would have upon all local fares, or because of the above stated belief that the short-distance passenger business will eventually go to the electric lines and that it is the least profitable traffic. The effect upon the fares of steam railroads is less at present than it was some years ago.

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(4) In some parts of the United States the effect of electric competition has been the *consolidation of the electric with steam railroads*. This has been the case particularly in New England, where the New York, New Haven & Hartford Railroad has by stock ownership, lease, and note ownership obtained the dominant position in the electric railway business of Rhode Island, Connecticut, and western Massachusetts. Other steam railroads owning or controlling electric railways are the Boston & Maine, the Missouri Pacific, Philadelphia & Reading, Hocking Valley, Long Island, Southern Pacific, Chicago & Great Western, and Delaware & Hudson. The motive has been partly financial and partly to control the competition of the electric lines. By owning or controlling the interurbans operating between common points the earnings from the passenger business, whether on the steam or electric lines, largely inure to the benefit of the steam railroad, and the fares and services of each can be regulated. Control, moreover, enables the steam lines to prevent the electric companies from carrying competitive freight.

Consolidation sometimes results in an improved service. The Delaware & Hudson Company, for instance, has so arranged affairs with its six electric railway connections that most of the local passenger business is handled by them, while the steam railroad is enabled to render an improved through service. "There has been a tendency to eliminate unimportant stops on the steam lines so as to better the through service, and a corresponding tendency to increase the number of stops on the electric lines. The general effect of the electric roads has been to develop travel, as they take the travelers short distances in a satisfactory manner and discharge them at convenient locations; steam railroads do not render this service so well. The two systems, work-

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ing together, however, afford the public a better service than can be given by either alone, and thus the revenues of both are increased.”¹

(5) In some parts of England steam railroads have been driven to *electrification of their lines* by electric railroad competition, but thus far this effect has not appeared in the United States. The electrification of steam railways in this country has been chiefly in the services in terminals and tunnels, on mountain grades, and in regions of dense passenger traffic adjacent to large centers of population. There are instances where steam lines have been electrified chiefly to handle short-distance passenger traffic, such as the Rochester Branch of the Erie Railroad, the main line of the West Shore Railroad between Utica and Syracuse, and the West Jersey and Seashore line of the Pennsylvania Railroad, but the motive was to obtain the advantages of electric power rather than to combat electric railway competition.

COMPETITION IN THE FREIGHT AND EXPRESS BUSINESS

In various regions, particularly in the central West, the North Atlantic states, and on the Pacific coast, electric railways are actively engaged in carrying freight and express traffic. The Census Bureau showed that in 1907 all electric lines combined received \$6,792,000 in gross earnings from this branch of their business, as compared with \$1,439,000 in 1902. This is an increase of 372 per cent in five years, but in the aggregate compares unfavorably with the earnings from passenger fares amounting to \$382,132,000.

While but 1.7 per cent of the gross earnings of all electric railways comes from their freight and express traffic,

¹ U. S. Bureau of the Census, Special Report on “Street and Electric Railways, 1907,” p. 286.

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the proportion in the case of interurbans alone is doubtless considerably greater, and in the above-named regions is an item of importance. An investigation covering 182 representative interurban lines showed that in 1906 seventy-one of those examined handled freight and express traffic. A recent inquiry by a committee of the American Street and Interurban Railway Transportation and Traffic Association showed that in some cases the revenues from this branch of their service constitute a material addition to their passenger revenues. The following table, compiled from the report of this committee, contains the returns from the ten companies, out of a total of thirty-nine, showing the highest freight ratios:

REVENUE FROM FREIGHT TRAFFIC

COMPANY.	Passenger, etc., Revenues.	Total Freight Revenues. ¹	Per Cent of Revenues from Freight.	Length of Line (Miles).
9	\$68,917.43	\$10,689.98	22.0	26.4
10	84,985.69	23,877.27	22.0	41.3
11	86,719.46	12,210.42	13.0	33.0
13	387,371.23	50,556.71	11.5	139.0
15	110,331.75	20,384.11	15.6	36.1
17	44,601.19	14,705.26	24.7	14.6
20	51,255.18	17,036.60	24.9	11.6
27	77,960.81	73,544.14	48.5	8.0
30	233,218.81	34,085.32	12.8	54.0
38	164,549.56	26,514.51	13.85	39.1

¹ Including mail matter.

The largest railway examined was one reporting a gross revenue from operation of \$2,400,000, eight per cent of which was derived from its freight, express, and mail traffic.

In 1907, the United States Census Bureau likewise obtained returns from thirty-seven electric interurbans as to their freight and express business. "One system—the Chi-

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cago, Harvard & Geneva Lake Railway—reports as high a proportion as 52.9 per cent; six other roads, proportions ranging from 20.8 per cent to 27.3 per cent, and several of the systems report below 5 per cent, and two even less than 1 per cent.” There are numerous large interurbans with appreciable freight ratios, such as the Eastern Ohio Traction Company with 27.3 per cent; the Chicago & Milwaukee Electric Railroad with 13.7 per cent; Illinois Traction Company with 12.1 per cent; Detroit & Port Huron Shore Line Railway with 13.4 per cent; Detroit, Jackson & Chicago Railway with 16.2 per cent; Cedar Rapids and Iowa City Railway & Light Company with 15.1 per cent; Pacific Electric Railway (California) with 6.7 per cent; and the Spokane & Inland Empire Railroad Company with 24.4 per cent.

Three leading freight services and groups of commodities comprise the freight business of electric railways. The first service is that of rural trolley lines carrying farm products to market, and miscellaneous manufactures and merchandise to the country stations. Milk, butter and eggs, fruit, poultry, cattle and hogs, and all kinds of farm products are collected for delivery in the cities; and farm machinery, hardware, groceries, flour, lumber, coal, fertilizers, and general merchandise are carried in return. The second comprises the car-load traffic in heavy freight carried by the electric lines as feeders of the steam railroads. Where the gauge permits and traffic arrangements are entered into, cars are interchanged, and much heavy freight is carried by the electric lines between the steam terminals at the large cities and the smaller towns not reached by the steam railroads. Not all such traffic in car-load lots, however, is carried by the electric lines as feeders to steam railroads. Some lines carry car loads of

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stone, gravel, coal, and similar articles independently. On the lines of the Illinois Traction System, for instance, there are seven coal mines dependent wholly upon it for an outlet, and one hundred mines jointly served by the electric line and steam railroads. The electric system during the winter months handles an average of 1,000 car loads of coal monthly.

The third and most important service is the handling of parcels and lighter packages into and out of the large cities. This traffic may be handled either as less than car-load freight or as express goods. If carried as the former it is handled by the regular traffic department, and if taken as express traffic it may be handled in this way, or through express companies. On some lines it is handled by regular express companies or other outside concerns paying from 33 $\frac{1}{3}$ to 40 per cent of their gross receipts to the electric lines. Others have organized subsidiary express concerns. Express goods as distinct from regular freight are carried to destination as rapidly as possible. C. O. D. shipments are usually permitted, and a collection and delivery service is maintained.

Much of the freight traffic, especially of the heavier commodities, is carried at night so as not to interfere with the passenger schedules. It, moreover, serves as a means of profitably using the surplus current which is available after the heavy passenger traffic of the day has diminished. Many lines regularly sell current for lighting purposes and use the remainder for their freight service, and such passenger service as is maintained at night.

In competing with steam railroads and developing this freight traffic, the electric lines depend upon lower rates to an even less extent than in their passenger business. Their express rates are usually lower than those of regular express

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companies, but their freight rates are as high as those of steam railroads and in some cases are higher. Some electric lines have adopted the regular steam railway classification and issue commodity tariffs on articles, such as flour, feed, hides, wheat, milk, clay products, coal, gravel, stone, and live stock, similar to those of steam railroads. The electric companies are sometimes taken into the local freight traffic associations of the steam lines, and at times make joint rates with them. The Grand Haven & Muskegon Railway, for example, has joint tariffs with the Goodrich Transit Company; the Chicago & Eastern Illinois; Chicago, Cincinnati & Louisville; and the Chicago & Great Western.

They depend chiefly upon improved shipping facilities, frequent service, and aggressive solicitation and advertising. They construct freight stations near to the shipper and consignee, place active agents in charge, rush through shipments with a minimum of delay, examine and settle all claims for loss and damage as rapidly as possible, and arrange schedules to suit their patrons. Various electric railways, such as the Waterloo, Cedar Falls & Northern Railway, at Waterloo, Ia., have constructed special belt lines around the outer sections of cities and through the manufacturing districts, so as to develop their freight business.

Being local concerns they are able to do very effective solicitation and advertising. Agents are sent out, even before the freight service is begun, to visit farmers, merchants, and other shippers to obtain promises of patronage. Stock raisers are personally visited and special side tracks and equipment provided for them. Many electric railways have succeeded in locating factories upon their lines, and one company has located fifteen grain elevators on one of its divisions. The Spokane & Inland Empire Railroad, an

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electric system of 222 miles of track, operates a "fruit special," which carries lecturers through the fruit growing districts to instruct the growers in improved methods of raising and handling their fruit. Some electric lines are hindered in the freight service by the absence of sufficient power, heavy freight interfering with the passenger schedules. Others have the standard street railway gauge of five feet two inches instead of the standard steam railroad gauge of four feet eight and one half inches, and cannot interchange freight cars. Their value as feeders is in that way seriously reduced. Some are barred from transporting heavy car-load freight by the expense of electric locomotives, and some are unable to establish working relations with the steam railroads.

The greater share of the freight shipments on electric railways is noncompetitive. A portion of the less than car load and the express traffic into and out of large cities is taken from the steam railroads, but most of this and practically all the car load and rural business is newly created. As a result many steam railroads do not oppose the freight services of the electrics and some encourage the business, because the electric lines act as feeders. Products carried from the farms to be sold in adjacent markets, and goods transported from the cities to the farms, seldom reduce the traffic of steam railroads; while shipments collected from the farms and smaller towns for delivery in distant markets manifestly increase the traffic of the steam lines.

A large part of the success of the electric interurbans in the freight service is directly due to their ability to make traffic arrangements with the steam railroads. Some steam lines have opposed them by refusing to enter into such arrangements and by cutting rates; and, in various western states, laws have been passed to prevent temporary

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rate wars. But "it is a pleasure to note that the hostile attitude toward electric roads exhibited by some of the steam lines is steadily lessening, and that the freight handling facilities of the former are being regarded in the more welcome light of feeders to the steam roads."¹ Of the steam railroads making special reports to the Census Bureau in 1907, but four reported any material effect upon their freight business, and these referred to specific kinds of freight, such as milk, fruit, vegetables, package, and less than car load local freight.

The service of electric interurbans, on the whole, is as yet in a transitional stage, and its ultimate effect upon the fares and services of steam railroads is largely conjectural. At the present time the only widespread and keen competition is in the short-distance passenger business, where the electric lines are generally successful. Competition in the long-distance passenger business has begun, but the aggregate effect upon this branch of steam railroad business has been to increase rather than to decrease it. Keen competition in the freight and express business has arisen only at certain points, and thus far, by acting as feeders, the electric lines have in the aggregate also increased this branch of steam railroad traffic.

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PART VI

THE EXPRESS AND MAIL SERVICES

CHAPTER XXXVII

ORIGIN AND DEVELOPMENT OF THE EXPRESS SERVICE

Parcels transportation before organization of express service—Early express companies—Harnden—Adams—Wells, Fargo—American—United States—Other companies—Mileage of leading companies.

BEFORE the advent of steam railroads a simple express service was rendered by the stage driver and steamboat captain, and later parcels were frequently accepted for delivery by train conductors. "Three times as many parcels, however," says Mr. A. L. Stimson, an early express man, "went by private hands without cost. Merchants and others, now living (1881), who used to travel in those days between New York and Boston, will remember how they used to be burdened, by their friends and acquaintances, with money, packages, and bundles to deliver upon their arrival. If a person was going to New York, it was usually known a week or two beforehand, and his friends and acquaintances would not only send their own bundles by him, but indicate him to others as a man who would accommodate them also. To such extremes was this practice carried that strangers even were expected to afford the like favor."¹

The possibility of relieving this situation by establish-

¹ A. L. Stimson, "History of the Express Business," p. 31.

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ing a regular express service appealed to one William F. Harnden, of Boston. About 1839, he obtained the first express contract ever issued in America from the Boston & Providence Railroad, and began to receive and carry parcels between Boston and New York. For several months a hand valise served to carry the articles intrusted to him. But it soon became necessary to arrange for additional office space and special facilities on the railways and steamboats, and to send out express messengers. In 1840 he extended his service to Philadelphia and to England. Mr. Harnden died in 1845, but Harnden & Company's express business was, in 1850, further extended into the South. "The Harnden Express was regarded as a great institution in the Southern States as well as north and east."¹

Meanwhile, however, the success of Harnden & Company had induced the formation of other express companies. As early as 1840 Alvin Adams, the founder of the Adams Express Company,² began to compete for the New York and New England business. For some time the entire business of Mr. Adams was handled by three or four individuals. In the late 40's, however, Adams & Company became prosperous, by 1850 or 1851 its service was extended into the Southern States, and it established offices as far west as the mining³ camps of California. It was in active competition with various other companies, and the result was one of the early express consolidations. In 1854 Adams & Company, Harnden & Company, Thompson & Company, and Kinsley & Company were consolidated into the present "Adams Express Company."

By 1850 another of the large express companies had

¹ *Ibid.*, p. 50.

² E. R. Johnson, "American Railway Transportation," p. 162 (1908).

³ A. L. Stimson, p. 258.

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emerged from the competitive field. In 1841 a company later known as Livingston, Wells & Company began to operate between Albany and Buffalo. It was founded by two express pioneers—Crawford Livingston and Henry Wells. Four years later another company, known as Wells & Company, was organized by Mr. Wells, William G. Fargo, and Daniel Dunning to operate west of Buffalo over a steamboat and wagon route. Letters were carried by this “Western Express” in competition with the United States Government over a field extending from Chicago to Bangor, Me. In 1850 a third competitor, Butterfield, Wasson & Company, began operation over the New York Central Railroad. A movement then arose for consolidation, and in the same year “The American Express Company” came into existence.

The field that most appealed to Henry Wells, William C. Fargo, and their associates was the far West. The above-mentioned Livingston, Wells & Company had previously made an ineffective beginning in California, and in 1852 these men founded “Wells, Fargo & Company.” The stage coach and ponies were the favorite means of transporting its packages until seventeen years later, when the first transcontinental railroad was completed. Adams & Company withdrew from California in 1854, and the company to whom it relinquished its interests, after several years of competition, sold out to Wells, Fargo & Company.

In 1854 the “United States Express Company” was organized to do an express business in the central West, and the “Southern Express Company” was organized in 1886 to operate throughout the South. Numerous smaller companies appeared during these years of organization. Among the most prominent lesser concerns is the National Express Company, operating northward from New York,

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now controlled by the American Express Company. There are also the New York & Boston Despatch Express, Dunlap's Express, and Earle & Prew's Express, all of which are controlled by the Adams Express Company, and operated as departments of the controlling company.

Various well-known concerns, operating as separate companies, are subsidiary to railways and practically operate in the capacity of fast freight lines. Such are the Globe Express Company of the Denver & Rio Grande and Rio Grande Western; the Southwestern & International Express Company of the El Paso & Southwestern Railroad; the Canadian Express Company of the Grand Trunk Railway; the Pacific Express Company of the Missouri Pacific, Wabash and Union Pacific railroads; the Northern Express Company of the Northern Pacific Railway; and the Great Northern Express Company of the Great Northern Railway.

The fields of operation of the largest companies are still primarily in their original territories, but they have, by consolidation and by extension of their own lines, been vastly increased. The American Express Company covers an inland mileage of over 50,800¹ miles, chiefly throughout the East and middle West and beyond the Mississippi. The Adams Express Company operates on over 35,000 miles of line chiefly in the East and middle West, but also westward on the Frisco System and the Chicago, Burlington & Quincy Railroad. The United States Express Company, likewise, has a mileage of over 30,400 miles largely in the East and middle West, but has contracts also with the Rock Island and St. Paul railroads. Wells, Fargo & Company operates on over 61,800 miles of railroad throughout the

¹ Six thousand miles in foreign countries

DEVELOPMENT OF EXPRESS SERVICE

far West and Southwest, and eastward on the Erie Railroad and the New York, Susquehanna & Western. The Southern Express Company operates on about 31,400 miles of railway throughout the Southern States.

REFERENCES

Consult references at close of Chapter XLIII, pp. 322-523.

CHAPTER XXXVIII

THE BUSINESS ORGANIZATION OF THE EXPRESS SERVICE

Receipts and net income of the six large companies—Partnership and corporate organization—Capitalization and ownership thereof—Gross and net earnings—Business organization of the express service.

At present the express business is dominated by six leading concerns—the Adams, American, Pacific, United States, Southern, and Wells, Fargo & Company. Of these, moreover, the Southern is controlled by the Adams Express Company, and the Pacific by the Gould railways and the Union Pacific. In 1907 the Census Bureau enumerated thirty-four express companies, but 87.5 per cent of the total mileage of 235,903 miles was covered by the six largest companies. They also earned 93 per cent of the total gross receipts of \$124,327,800 and 79.6 per cent of the total net income of \$13,083,900. The Interstate Commerce Commission in 1908 reported eighty-five express companies doing an interstate business, but most of them are of minor importance.

Four of the leading companies—the Adams, American, National, and United States—have retained their old financial organization, and remain unincorporated associations. They are limited partnerships with a capital stock divided into shares usually without any stated par value. Sixteen, however, are corporations, and among them are the Pacific,

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Southern, Wells, Fargo & Company, Great Northern, and Canadian Express Company. Twelve small concerns are merely departments of railways; one is a partnership, and one is owned individually.

The total capitalization of the seventeen leading express companies, including the four large unincorporated associations, was stated in 1907 at \$68,853,200.¹ The remaining companies were either foreign corporations, departments of railways, partnerships, or individual concerns. The capitalization in the aggregate is small as compared with the volume of business transacted. The American Express Company,² for example, has a capital of \$18,000,000, and a gross annual income of \$31,909,000.

CAPITALIZATION AND INCOME *—1909

	Capital.	Gross Earnings.	Net Income.	Earned on Stock.	Regular Dividend.
American.....	\$18,000,000	\$31,909,721	\$3,823,216	19.3%	12%
Adams.....	12,000,000	28,853,546	2,859,667	23.8%	12%
United States.....	10,000,000	16,851,864	893,035	8.9%	6%
Wells Fargo †.....	8,000,000	24,476,432	4,664,379	58.3%	10% ‡

* Babson's System. Poor's Manual.

† Wells Fargo stock increased to \$24,000,000 in 1910.

‡ 300 per cent extra dividend in 1910.

There is interrelationship of the express companies through direct stock ownership to the extent of \$11,618,000. The ownership extends from domination, as in the case of the American over the National, and the Adams over the Southern, to holdings by the large concerns of each other's stock. The Adams and American, for instance, hold stock in the United States Express Company, and the Southern

¹ Bureau of the Census, Special Reports, Express Business in the United States, 1907, p. 15.

² *Ibid.*

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in the American and Adams Express Company. The interrelationship is further extended by the private holdings of interests identified with all the leading companies.

Over \$20,600,000 of express company stock is held by railroad companies. The New York Central holds stock in the American Express Company; the Southern Pacific in Wells, Fargo & Company; and, as was above mentioned, three lines control the Pacific Express Company. Most of the remainder consists of holdings in subsidiary companies organized by the railroads themselves to conduct their express business.

The express companies in turn hold over \$22,200,000 of railway stock. The Adams Express Company, for instance, holds stock in eighteen railroads, and particularly in the Pennsylvania Railroad and Norfolk & Western. In addition they hold \$12,300,000 of railway bonds.

The gross earnings of express companies, as above shown,¹ are very large as compared with the capital employed. This is because, from the operative standpoint, they are virtually a part of the railways which furnish the bulk of the facilities needed and operate the cars. For these services, however, the express companies are obliged to pay heavily, and as a consequence their net income is, with few exceptions, not extraordinarily large.

In a recent statement to the Interstate Commerce Commission, the United States Express Company, for instance, showed gross earnings of \$17,484,376, and operating expenses of \$16,669,681; net earnings of \$514,695, and a net income of \$939,838. The statement showed that the leading costs were transportation (46.1 per cent); salaries and wages (28.7 per cent); commissions (6.16 per cent); and

¹ Kindel *vs.* Adams Exp. Co. *et al.*, XIII I. C. C. Reps., 485 (1908), figures for 1907.

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stable expenses (6.67 per cent). Wells, Fargo & Company,¹ likewise, stated that in 1908 out of \$24,491,000 of gross receipts, \$11,061,000 were paid to the railways.

The Interstate Commerce Commission has twice² stated that the profits of Wells, Fargo & Company are excessive, but has not made that charge in the case of the Adams, United States, and American express companies. It is notable that the first-named company in 1910 increased its capital stock from \$8,000,000 to \$24,000,000, and paid an extra dividend of 300 per cent. The real profits of most of the leading companies, however, have been large throughout the course of years, and are not fully indicated by dividends and yields on their capital stock. Some of them have investments exceeding their entire capitalization, and these "probably represent³ the profits of the past."

The internal organization of the express companies is simple. Subject to the general officers of the association or corporation is the General Superintendent with administrative authority over the entire service. Large companies provide a separate traffic department with a Superintendent of Traffic at its head to fix express rates, issue tariffs and stimulate traffic. For purposes of operation the company's field is divided into divisions, under Division Superintendents, whose main work is to send out route agents, personally visit offices, and generally supervise all the agents in their division.

Stations are managed by Station Agents, who personally or through Helpers and Drivers receive and deliver the ex-

¹ Maricopa County Commercial Club *vs.* Wells, Fargo & Co., XVI I. C. C. Reps., 182 (1909).

² Kindel *vs.* Adams Exp. Co. *et al.*, XIII I. C. C. Reps., 491 (1908); Maricopa County Commercial Club *vs.* Wells, Fargo & Co., XVI I. C. C. Reps., 182 (1909).

³ Kindel *vs.* Adams Exp. Co. *et al.*, XIII I. C. C. Reps., 485 (1908).

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press goods, solicit traffic, collect on C. O. D. shipments, do an order and commission business, and perform all the detailed duties of the local offices. In thickly settled regions from one half to two thirds of these station agents receive salaries, while in the West, Southwest, and parts of the South not over ten per cent are paid in this way. The remainder work on a commission of usually ten per cent on the traffic received and forwarded. At small points of very light traffic a local merchant or other business man is sometimes induced to accept an agency on the commission basis. At some points express companies and railroads, or two express companies, jointly employ a local agent.

Route Agents are sent out by the Division Superintendents to examine the local agencies, explain the required books and reports to new agents, solicit business, and perform special duties. Messengers are placed in charge of the express goods and cars while in transit.

The American, United States, and Wells, Fargo express companies maintain separate and distinct *foreign departments*, for the handling of their international express business. None of the other companies, except the Adams Express Company, engages in the foreign business. The Adams Express Company, however, owns nearly the entire capital stock of the Morris European and American Express Company, and this company in effect is "the same adjunct to the Adams Company which the foreign departments are to the other three companies."¹ Much of the international express business is handled by the regular "freight forwarders," who engage in the business of forwarding all classes of freight for American shippers.

The foreign express business is handled differently from

¹ Ullman vs. Adams Exp. Co. *et al.*, XIV I. C. C. Reps., 340 (1908).

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the domestic business. The foreign business is not large enough to warrant the maintenance of separate business organizations. The express companies, therefore, make arrangements with Forwarding Agents in foreign countries. The agreements between them are reciprocal, both parties agreeing to interchange all express goods destined to their respective territories. Instead of performing a complete express business, the foreign department of an express company performs the services of an express forwarder.

REFERENCES

Consult references at close of Chapter XLIII, pp. 322-323.

CHAPTER XXXIX

BUSINESS RELATIONS BETWEEN EXPRESS COMPANIES AND CARRIERS

Provisions of the contract between express and railroad companies—

Payments made by express companies to railroads—Contract provisions as to express rates—Business relations of express and steamship companies.

THE business relations between the express companies and railways are definitely fixed in contracts which stipulate the obligations of each. These contracts, like those of the Pullman Company, are privately made and their provisions vary. Their nature, however, may be seen by a glance at the more important sections of the "Agreement Between the Pennsylvania Railroad Company and the Adams Express Company," of June 26, 1907.

In this contract the railroad company agrees (1) to furnish facilities for the prompt transportation of express goods and messengers on the passenger, mail, and express trains designated by the railway officials in "good sound cars marked 'Adams Express Company,' " or in the baggage and combination cars. (2) It agrees that all traffic offered for transportation on passenger trains, except certain specified kinds, shall be considered express traffic and turned over to the express company. (3) The railway binds itself voluntarily not to grant express facilities to any other company on more favorable terms than provided in this contract. (4) It agrees to "furnish transporta-

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tion over ferries and on lighters, switching, and such use of telegraph and telephone lines controlled by it, as will not interfere with its own needs or its obligations under contracts with other companies. However, for unusual services a reasonable charge will be made. If no additional room has been provided, the express company will be permitted to occupy space in stations already constructed, but where it has been or may be necessary to furnish accommodations exclusively for such express matter in any station, the express company shall pay a proper and reasonable compensation therefor." It also provides free transportation for the personal property and supplies of the express company and for its officers and employees.

The Adams Express Company on its side agrees (1) that all its traffic shall be subject to published tariffs, copies of which shall be furnished to the railroad upon request, and that its rates, rules and practices shall be subject to the approval of the railway. (2) It agrees to pay to the carrier fifty-six per cent of the gross receipts from the express business passing over its lines. In case of interline traffic the railway is to receive fifty-six per cent of the proportion determined by the express rates over the various lines traversed. There are, however, various exceptions, the prorating, for example, in case of interchange with the Louisville & Nashville Railroad being done on a mileage basis. (3) The railway is furnished with the original statements of waybills received and of interline settlements, "together with such books, vouchers, waybills, and records, of whatever nature, in the possession of the express company, as the railroad company deems necessary for the purpose of determining the correctness of such settlements." The railway may examine in detail the accounts of the express company. (4) The express company as-

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sumes all risk of loss or damage to property or persons "whether the same may occur through the gross negligence of the railroad company or its employees, or otherwise."

(5) It agrees to carry free of charge for the railway all money and other packages pertaining to the business of the railway, the latter assuming risk of loss or injury in such cases not due to the theft, dishonesty, carelessness, or inefficiency of the express employees. (6) Wherever the express company transacts business over the lines of a road, it agrees to transport a full share of the competitive business over the lines of the Pennsylvania Railroad, and (7) all employees of the express company are subject to the rules of the railway while on its trains or premises.

The sums paid by the express companies according to their contracts vary from forty to sixty per cent of the gross receipts. The contract between the United States Express Company and the Chicago, Rock Island & Pacific Railway,¹ for example, provides for the payment of fifty-five per cent and a minimum payment of not less than \$170 per mile per annum for each mile comprised in the lines of the railway except certain lines for which less sums are specified. The United States Express Company² pays to the Baltimore & Ohio Railroad Company forty per cent of the gross revenue; the Southern Express Company³ pays forty-five per cent to the Louisville & Nashville Railroad Company; and to the Atlantic Coast Line it pays fifty per cent in the case of perishable goods, and forty per cent in the case of other freight and money packages. The American Express Company⁴ pays fifty-five per cent to

¹ Agreement of July 1, 1904.

² Agreement of August 17, 1887.

³ *Reynolds vs. Southern Express Co.*, XIII I. C. C. Reps., 536-538 (1908).

⁴ Agreement of June 12, 1910.

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the Union Pacific with a minimum of \$1,478,400 annually. There is a small number of express¹ contracts which require the payment of a limited sum per year; and a few which require payment on a tonnage basis.

The contracts differ also as regards the relation between freight and express rates. Instead of requiring the approval of the railway for all express rates made, the most common² requirement is that they shall be at least one and one half times the freight rates. Others require a minimum of, say, twice the freight rates for noncompetitive traffic, while for competitive traffic the express rates shall not be less than the rates fixed by other express carriers between the same points, except when necessary to retain a proper proportion of the business. The minimum express rates stipulated vary from 50 to 150 per cent more than the freight rates.

The contract of the Adams Express Company with the Pennsylvania Railroad differs from the usual contract, also, as regards the carrier's right to transact express business with other companies. There usually is an exclusive clause which during the life of the agreement grants to the express company a monopoly of the railway's entire express business. These "exclusive contracts"³ have been upheld by the Supreme Court of the United States.

The express business on water lines may be transacted either under contract or under trip agreements. Under the contract⁴ between the Old Dominion Steamship Company and the Adams Express Company, for instance, the

¹ H. S. Julier, Gen. Manager of American Express Co., in "Railway Mail Pay," by The Postal Service Commission (1900), Part I, p. 529.

² *Kindel vs. Adams Express Co. et al.*, XIII I. C. C. Reps., 485 (1908).

³ 117 U. S. 1 (1886).

⁴ Agreement of October, 1906.

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steamship company furnishes the facilities on board, and the express company pays all other expenses. The payment to the steamship company varies with the kind of commodity carried. General merchandise yields fifteen cents per cwt. to the steamship company on through, and twenty-two cents on local traffic; horses \$1.50 each, and money forty per cent of the gross revenue. The contract also contains the exclusive clause.

Express companies engaged in the foreign express business usually make trip agreements with the ocean carrier at current rates as other shippers do, dispatching their packages by the line having the first sailing. Sometimes, however, yearly¹ contracts are made with the steamship company, so as to obtain space at agreed rates instead of depending upon the current market.

REFERENCES

Consult references at close of Chapter XLIII, pp. 322-323.

¹ Ullman *vs.* Adams Express Co. *et al.*, XIV I. C. C. Reps., 345 (1908).

CHAPTER XL

EXPRESS SERVICE AND SHIPPING PAPERS

Services performed by express companies—Order and commission department—Shipping papers, description and forms—Receipt—Waybill—Prepaid shipment—C. O. D. sticker and envelope—Livestock contract—Special contract—Export and import bills of lading—Shipper's manifest—Invoices—Foreign waybill—Statistics of traffic.

EXPRESS traffic is no longer confined to the high-class parcel business. Perishable commodities of all kinds, requiring rapid delivery, are now being regularly handled. Whole car loads of live stock are shipped by express, and occasionally shipments of heavy machinery are handled at special rates.

In addition, the express companies make special provision for the shipment of currency, bullion, gold and silver coin, and precious stones. In conjunction with this they do a large banking business. "Express money orders" to the extent of \$147,346,000 were issued by thirteen different companies in 1907. They are transferable documents payable to the person mentioned therein, and the maximum value of a single order is fifty dollars. Four companies also issued "travelers' checks" to the amount of \$19,270,000. These checks are issued in denominations of \$10, \$20, \$50, \$100, and \$200. They are cashed at any agency of the company and are accepted by all foreign hotels; but payable only to the purchaser whose signature is re-

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quired as a means of identification. Two companies issued \$1,558,000 in "letters of credit," the purchaser of which, when identified, can draw upon the company for any amount stated in the letter.

The express companies act as collecting agencies, as well as carriers of commodities. C. O. D. shipments are held for collection by the Receiving Agent, and a charge is made for the service. When carried by one company or by two companies in case a single graduate is authorized, the charges are fifteen cents for \$2 or less, twenty cents for sums over \$2 but less than \$6, and twenty-five cents or more for larger sums according to the merchandise rate from the point of shipment. When carried by more than one company where a single graduate is not authorized the charges for sums of \$6 or less are fifteen cents for the collecting company and ten cents for each additional company. For sums ranging from \$6 to \$25 they are twenty-five cents for the collecting company and fifteen cents for each additional one. For sums over \$6 in silver coin or \$25 in gold or currency, the charges are graded according to the merchandise rates of each company involved.

Express companies, also, conduct an extensive "order and commission department."¹ "Commodities of all kinds are bought and transported on orders and are likewise transported and sold on orders. To care for and extend this branch of the business properly, the various companies maintain order and commission departments. In early days this business was solicited by special and route agents, who visited shippers personally. In later years, as distances

¹ "Alleged Purchase and Sale of Commodities by Express Companies." Interstate Commerce Commission, Sen. Doc., 60 Cong., 1st Sess., No. 468, p. 5.

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of shipments increased and wider territory was served, the printer's and advertiser's arts have been brought into play, and the order and commission departments have been used on an extensive scale to increase the shipments by express."

"Express business is carried on through order and commission departments in four different ways—viz., (1) a patron may order any commodity, subject to express shipment, which will be purchased by the company's agent and transported to him for express charges; (2) a patron may deliver any commodity, subject to express shipment, to an agent of the company, to be transported to a certain buyer and the agreed sale price collected and transmitted to the shipper for express and money-order charges; (3) a patron may deliver any commodity, subject to express shipment, to an agent of a company who will undertake to sell it through other express agents to the best advantage on shipper's account and transmit the proceeds for express and money-order charges; (4) a patron may request an express agent to perform any reasonable commission, such as collecting bills, filing papers for record, redeeming pledges, etc., which will be undertaken by the company for agreed charges." The express agent will enter and clear articles at custom houses, transport goods in bond, exchange foreign money, redeem pawned articles, pay gas bills, and, "in short, will attend to any legitimate business transaction as the customer's agent."

The order and commission departments are effective means of traffic solicitation used by all the large companies except the Adams Express Company. This company will execute any reasonable commission but does not seek such business. It is a common practice for express companies to prepare lists of buyers and forward them to producers and shippers; and likewise to distribute lists of fruit and

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vegetable growers, and shippers of oysters, fish, etc., among dealers and buyers. Periodical price lists are freely circulated among present and prospective patrons by some companies, and others depend largely upon personal solicitation by route and station agents.

Usually when goods are handled in this way the local agents have orders to turn them over to a dealer to be sold by him. However, if no dealer can be found to accept the commission, the agents sometimes do the selling. About five per cent of the selling is done by the station agents direct. Some agents receive commissions on their own account for finding markets for sellers; and until recently various agents of Wells, Fargo & Company bought and sold commodities on their own account. This latter practice has been largely abandoned by order of the company, but it created the impression that the express companies were in the commission dealer's business. The Interstate Commerce Commission found that "the companies are not engaged in any buying and selling of commodities on their own account."

Many central dealers are opposed to the order and commission departments, while producers and growers generally favor it. The Interstate Commerce Commission reports: "We believe, all the circumstances considered, that in the interest of growers and producers, as well as local dealers in communities served only by express companies, and in the interest of increased production in undeveloped regions and the consequent increased consumption of perishable products, the operation of the order and commission departments of the express companies should be allowed to continue."¹

¹ *Ibid.*, p. 14.

The Company's charge is based upon the value of the property, which must be declared by the shipper.

Form 180 (Aug. 1930)

ADAMS EXPRESS COMPANY

(NON-NEGOTIABLE BILL OF LADING.)

Philadelphia, Pa. 19

Received from

Valued at \$

Marked

Which the Company agrees to carry upon the following terms and conditions, to which the shipper agrees, and as evidence thereof, accepts this bill of lading.

1. In consideration of the rate charged for carrying said property which is regulated by the value thereof and is based upon a valuation of not exceeding \$500 per pound for any shipment in excess of 100 pounds, unless a greater value is declared at time of shipment, the shipper agrees that the Company shall not be liable in any event for more than fifty dollars (\$50), on any shipment of weighing more than 100 pounds, and said property is valued at, and the liability of the Company is hereby limited to, the values above stated, unless a greater value is declared at the time of shipment, and charge for value paid or agreed upon shall be paid by the shipper. The Company shall not be liable for loss or damage to said property for more than such proportion of the same as \$50, if 100 pounds or less in weight, or fifty cents per pound if weight exceeds 100 pounds, or the value declared, bears to the actual value if greater.

2. The property shall be carried, at the point of destination, to the place named, and shall carry the property to its agency nearest or most convenient thereto, and there notify the consignees, or deliver the property to some other carrier to continue the transportation. The Adams Express Company shall not be liable for loss or damage to said property, nor for detention after having tendered the property to the consignee or carrier.

3. The Express Company shall not be required to make free delivery at points where it maintains no free delivery service, nor at any point beyond its established service.

4. The Express Company, unless negligent, shall not be liable for loss, damage or detention of said property caused by civil or military authority, piracy, insurrection, strikes or riot, or by the act of any person acting as an insurer, or by the act of God, or by the perils of navigation, or by the perils of the sea, or by the dangers of railroad transportation, the perils of navigation,

changes of temperature, heat, cold, wet or decay, nor for the death, injury or escape of live freight, the Company not being a carrier thereof except at Owensboro, Ky.

5. Said property is accepted as merchandise only, and the Express Company shall not be liable in any event for the loss of money, specie, bonds, coupons, or other negotiable papers, which the Company does not receive or carry, and for which it is not insured.

6. The Express Company shall not be liable for loss, damage or detention of said property unless a claim therefor shall be presented to it in writing at this office within ninety days from the date of this contract, except in the case of damage or detention of said property unless the same shall be commenced within one year after such loss, damage or detention shall have occurred, and not afterwards.

7. The Express Company does not accept articles contained in glass and fragile articles are accepted at OWEN'S RISK.

8. If any C. O. D. is not paid within thirty days the shipper agrees that the Express Company may return the property, and that it will pay the charges for return.

9. The terms and conditions of this contract shall apply to any forwarding or return of said property, and shall inure to the benefit of every carrier to whom the same may be entrusted to complete the transportation.

NUMBER OF
PIECES
RECEIVED

CHARGES For the Company.

Liability limited to \$50, for any shipment of 100 lbs., or less, or to \$500. per pound for any shipment in excess of 100 lbs., unless a greater value is declared and paid for or agreed to be paid for at the time of shipment.

FORM 1.

To be issued only for Money, Specie, Bonds, Coupons, or other Negotiable Paper.
The Company's charge is based upon the value, which must be declared by the Shipper.

ADAMS EXPRESS COMPANY.

181.

\$ 18th and Market Sts., PHILADELPHIA, PA., 190

Received from

Sealed and said to contain

Valued at

Dollars,

Addressed to

Which the Company agrees to carry upon the following terms and conditions, to which the shipper agrees, and as evidence thereof, accepts this bill of lading.

1. In consideration of the rate charged for carrying said property, which is based upon the value thereof above declared, the shipper agrees that the Company shall not be liable in any event for more than said sum.

2. If the Express Company has not an agency at the point of destination, it shall carry the property to its agency nearest or most convenient thereto, and there notify the consignee, or deliver the property to some other carrier to continue the transportation. The Adams Express Company shall not be liable for loss occurring after such delivery, nor for detention after having tendered the property to a connecting carrier.

3. The Express Company shall not be required to make free delivery at points within no free delivery service, nor at any point beyond its established delivery limits.

[NOT NEGOTIABLE.]

Charges,

For the Company,

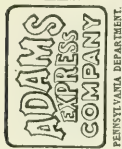
Liability limited to the valuation declared by the shipper.

Form 2.

RECEIVED BY THE DIRECTOR OF THE NATIONAL ARCHIVES ON 10/10/2013

No. _____ Date _____ 190

VIA

[illegible]

FORM 3.

EXPRESS SHIPPING PAPERS

In the handling of express business the companies use a number of *shipping papers*. In a domestic shipment the first paper made out is the *express receipt* (Form 1), sometimes called a bill of lading. It is a non-negotiable document containing the names of the consignor and consignee, "description" of the article shipped, marks, value if stated, and the express contract. In the contract the shipper absolves the express company from liability for

FORM 200 MAY '00

ADAMS EXPRESS COMPANY PREPAID SHIPMENTS

RECEIVED BY _____				191	
ARTICLE	SHIPPER	NO.	CONSIGNEE	DESTINATION	AMOUNT
		1			
		2			
		3			
		4			
		5			
		6			
		7			
		8			
		9			
		0			

FORM 4.

loss, or damage resulting from "acts of God," or other causes beyond the control of the company, as in case of a railway bill of lading. In addition, however, the contract absolves the company in case of "any default or negligence of any person, corporation, or association to whom the above described property shall or may be delivered by this company, for the performance of any act or duty in respect thereto, at any place or point off the established route or lines run by this company." The contract on some receipts states that the express company is at no

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time liable "unless in every case the said loss or damage be proved to have occurred from the fraud or gross negligence of said company or their servants." This provision, being of doubtful legality, is not contained in the receipts of all express companies. Some companies style themselves "express forwarders," thereby attempting to limit their liability to that of forwarders only, but the courts¹ regard them as common carriers. All such unusual provisions are recognized as of dubious validity in the agree-

ADAMS EXPRESS COMPANY
C. O. D.
\$ _____

Employee receiving must enter in above blank space
The amount of C. O. D., and second line "and return
charges," if same are to be collected, pasting on C. O. D.
shipments at time of receipt.

Name and
Address of { _____
Shipper { _____

FORM 5.

ments between express companies and carriers, according to which the express companies usually accept the burden of all ordinary loss or damage from whatever sources. The express receipt, however, may, legally and does, limit loss or damage to \$50 unless a greater sum is declared by the shipper when he delivers his parcel; and certain articles, such as glass, are accepted only at owner's risk.

A special express *receipt* is issued for *money, specie, bonds, coupons, or other negotiable paper* (Form 2).

As in case of freight shipments, the express companies make out a *waybill*. In local shipments it is made out in

¹ D. C. Moore, "A Treatise on the Law of Carriers," pp. 35, 36.

GOODS SHIPPED TO

(151 B)

**When cash is enclosed, return
by Express, Stitched, Sealed and
Waybilled.**

No.

WAYBILLED TO OR VIA

POSTMASTER: Forward to Address on Reverse Side.

Shipper's Name
and Address on
Reverse Side.

AMOUNT OF BILL, \$

COLLECT CHARGES FOR RETURN OF MONEY UNLESS OTHERWISE INSTRUCTED BELOW BY SHIPPER.

SHIPPER'S INSTRUCTIONS:

Shipper's Name
and Address on
Reverse Side.

• Waybilled From _____ Office _____ 19__

FORM 6.

EXPRESS SHIPPING PAPERS

triplicate, one copy being sent with the express goods, one retained by the Forwarding Agent, and a third sent to the company's Auditor. In interline shipments additional copies are furnished to the connecting express companies (Form 3):

A *prepaid slip*, showing the amount collected on prepaid shipments, the name of consignor and consignee, destination and article, is issued daily by each agent and sent to the Auditor (Form 4). In forwarding C. O. D. ship-


INSTRUCTIONS

 Return proceeds in this Envelope CAREFULLY SEALED, without delay.

Do not deliver the whole or any part of the goods accompanying this Bill until you receive pay therefor, **and be careful to notice what money you receive**, and as far as practicable, **send the same as received**, and follow the special instructions of the shipper, if any are given on the bills. If goods are refused, or the parties cannot be found notify the office from whence received, with names and dates, and await further instructions.

Never forward C. O. D. packages beyond destination without direct orders from the Shipper, received through the shipping office, or until the collection and charges are paid.

When shippers require us to collect of consignees our charges for returning money, add such charges to the bill, and in EVERY CASE MARK THE TOTAL AMOUNT ON THE GOODS.

 Printed instructions MUST NOT BE DEVIATED FROM without the written consent of the Shipper, received through shipping office.

INSTRUCTIONS ACCOMPANYING FORM 6.

ments a *C. O. D. sticker*, showing plainly the amount to be collected, the return charges, in case the article is to be returned, and the name and address of the shipper, is attached to the package (Form 5). In returning money collected from the consignee a special *C. O. D. envelope* is used, the money being placed into it and the envelope

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sealed, stitched and waybilled; or the agent may send an express money order, mailing it in this envelope to the agent at point of original shipment (Form 6). Upon delivery of the article to the consignee, a receipt is taken from him in a receipt book. An *express bill* (Form 7) is rendered with the delivery of goods not prepaid, and this when signed by the express agent acts as a receipt to the consignee.

In shipping live stock by express a *limited liability live-stock contract* is signed by the shipper. This corresponds to the live-stock contract used by railroads, and limits the company's liability to a stated maximum value. An excess charge is made if the shipper declares higher values. There is, likewise, a *special contract for the transportation by express of paintings, statuary, and fragile merchandise* upon an agreed valuation—\$1,000 and upward, with a maximum of \$5,000.

In foreign shipments of single articles the usual *express receipt* is issued. For larger shipments, however, and in any case upon demand of the shipper, an *export bill of lading* is issued (Form 8). In shipments from the interior the provisions "with respect to the service until delivery at the port of New York" are those of the usual domestic express receipt, with the attempt to limit liability to that of forwarders only. The provisions with respect to the service after delivery at the port of New York are those of the usual bill of lading of steamship companies. Neither express nor steamship company is liable for loss or damage resulting from the risks of the sea, but only for loss or damage resulting from fraud or gross negligence, improper inspection of the craft before leaving port, and bad loading and handling of cargo, as fixed by the Act of Congress of February 13, 1893. Further risks are accepted by the

M

To Adams Express Company, Dr.

For Transportation of the following described Shipments:

ARTICLE.	WEIGHT.	FROM.	CONSIGNEE.	DESTINATION.	ADVANCED CHARGES.	FREIGHT ASSESSED.	TOTAL.
Received Payment,							
Total,							

FORM 7.

SHIPPER'S MANIFEST—Part of Cargo.

190

[illegible]

FORM 9. [Over.]

DISTRICT AND PORT OF NEW YORK.

I, _____, do solemnly, sincerely
and truly swear, that the within Manifest contains a full, just and true account of all the Goods, Wares
and Merchandise, shipped by **UNITED STATES EXPRESS COMPANY**, on board the within
named vessel or vehicle, and that the quantities and values of each article are truly stated according to
their actual cost, or the values which they truly bear in this Port at this time. And I further swear that
the said merchandise is truly intended to be exported to _____

So HELP ME GOD.

Sworn to, this _____ 190

Before me.

DEPUTY COLLECTOR.

BACK OF FORM 9.

EXPRESS SHIPPING PAPERS

express company only in case marine insurance has been undertaken by the company upon request of the shipper and payment by him. The same provisions are contained in the *express import bill of lading*.

Foreign shipments also require the issuing of a *shipper's manifest* (Form 9), which fully describes the articles shipped and states their value in detail. It is sworn to by the shipper and deposited with the port collector. A copy of this or a special invoice is sent to the company's foreign agent for use in settling with the customs officials of the foreign country. A special *invoice* is used in shipments to Canada, because of a recent Canadian law whereby the amount of duty payable by importers is fixed on the invoice valuation less the cash discount. One copy is sent to the foreign agent and two to the Canadian Government. In shipments to certain Latin countries, such as Portugal, Mexico, and Central and South America, special *consular invoices*, made out before the

[illegible]

FORM 10.

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resident consul of these countries, are issued, and sometimes as many as four copies are demanded by the consul.

The express company for its own use makes out a *foreign waybill*, showing the name of the steamer on which the goods are shipped, point of shipment and destination, articles, value, weight, name of consignor and consignee, numbers, amounts to be collected, prepaid, and the proportion, if any, paid to the agents (Form 10).

Accurate statistics of the total amount of express traffic are not available. The census of 1890 showed that at that time 98,118,430 packages, weighing 1,646,273 tons, were carried, 17,258,682 waybills of money shipments, and 4,598,567 express money orders. The census of 1907 omitted the traffic statistics, but in 1908 the Interstate Commerce Commission stated that five of the large express companies—the Adams, American, Pacific, United States, and Wells, Fargo—annually carry over 100,000,000 packages of merchandise and over 20,000,000 packages of money; and in 1907 the Bureau of the Census reported 14,014,960 express money orders and 792,737 travelers' checks and letters of credit.

REFERENCES

Consult references at close of Chapter XLIII, pp. 322-323.

CHAPTER XLI

CLASSIFICATION OF EXPRESS TRAFFIC

Classes of express freight—"Graduated scale of charges"—Valuation charge—"Special," "commodity," and "scale" rates—Prepay and collect rates—Rates for collecting and remitting C. O. D. collections—Coin and currency rates.

THE basis of express rates, as of freight tariffs, is the classification corresponding to the railroad freight classifications. The "Official Express Classification" ¹ is jointly concurred in by all the large express companies operating in the United States.

Express traffic is not classified as minutely as is railway freight. But two general classes of commodities are everywhere recognized—the "merchandise" and the "general-special" class.² "Merchandise" includes the general package business with its infinite variety of parcels of light weight and relatively high value. The "general-special" class includes many commodities specified as such in the Official Express Classification. Among them are eggs, fertilizers, fish, hides, oysters, pigeons, poultry, fruit, lard, tallow, vegetables and dairy products; and they are carried at lower rates. Sometimes an additional "special"

¹ No. 19, effective Aug. 1, 1909, F. G. Airy, Joint Agent. No. 20, effective Oct. 1, 1910.

² *Ullman vs. Adams Express Co. et al.*, XIV I. C. C. Repts., 340 (1908).

CLASSIFICATION OF EXPRESS TRAFFIC

TABLE OF GRADUATED CHARGES.—Continued

WHEN MDSE. RATE PER 100 LBS. IS $\frac{\text{¢}}{\text{lb.}}$		1.75	12.50	13.00	13.50	14.00	18.00	18.50	19.00	20.00
Packages not over.....		lbs. 1 25	lbs. 1 30	lbs. 1 30	lbs. 1 30	lbs. 1 30	lbs. 1 35	lbs. 1 40	lbs. 1 40	lbs. 1 40
Over 1 lb., not over.....		2 30	2 35	2 35	2 35	2 35	2 40	2 50	2 50	2 50
“ 2 “ “.....		3 40	3 45	3 45	3 45	3 45	3 45	3 60	3 60	3 60
“ 3 “ “.....		4 45	4 60	4 60	4 60	4 60	4 75	4 80	4 80	4 80
“ 4 “ “.....		5 50	5 80	5 80	5 80	5 80	5 95	5 100	5 100	5 100
“ 5 “ “.....		6 55	6 90	6 90	6 90	6 90	6 120	6 120	6 120	6 120
“ 6 “ “.....		7 55	7 100	7 100	7 105	7 105	7 135	7 140	7 140	7 140
“ 7 “ “.....		8 60	8 120	8 120	8 120	8 120	8 150	8 160	8 160	8 160
“ 8 “ “.....		9 60	9 135	9 135	9 135	9 135	9 170	9 180	9 180	9 180
“ 9 “ “.....		10 60	10 140	10 140	10 150	10 150	10 180	10 200	10 200	10 200
.....	
.....	
“ 15 “ “.....		16 75	16 230	16 230	16 240	16 240	16 300	16 320	16 320	16 320
“ 16 “ “.....		17 75	17 240	17 240	17 250	17 250	17 315	17 340	17 340	17 340
“ 17 “ “.....		18 75	18 260	18 260	18 260	18 260	18 330	18 360	18 360	18 360
“ 18 “ “.....		19 75	19 275	19 275	19 275	19 275	19 350	19 370	19 380	19 380
“ 19 “ “.....		20 75	20 275	20 275	20 285	20 285	20 360	20 370	20 380	20 400
.....	
.....	
“ 45 “ “.....		46 100	46 610	46 610	46 645	46 645	.....	.....	.....	.....
“ 46 “ “.....		47 100	47 620	47 620	47 660	47 660	.....	.....	.....	.....
“ 47 “ “.....		48 100	48 625	48 630	48 675	48 675
“ 48 “ “.....		49 100	49 625	49 645	49 675	49 690
“ 49 “ “.....		50 100	50 625	50 650	50 675	50 700

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class¹ is recognized. Such special or commodity rates are granted for the movement of particular commodities between given points.

A peculiarity of the express business for some time past has been their so-called "graduated scale of charges," which is used in computing the express rates on all merchandise not otherwise provided for. The scale now used by all important express concerns is given in their Official Express Classification. It is a table which shows the actual rate between any two points when the rate per hundred pounds of merchandise is known. The agent turns to the proper express tariff to find the rate per hundred pounds on a given shipment between two points; and then, after weighing the merchandise, he turns to the scale of graduated charges. The horizontal column at the top indicates various rates per hundred pounds, while the vertical column at the left indicates various weights, and the intersection of the proper columns shows the actual rate for any weight less than 100 pounds for any distance.

A difference is made between shipments of seven pounds or less and those of greater weight, largely because of the competition of the United States Post Office,² which carries weights of four pounds. Packages of seven pounds or less,³ when carried by more than one company between points where joint tariffs are not in effect, are graduated but once, while larger packages under similar circumstances are graduated once for each company, unless otherwise authorized in a joint tariff. However, in case of shipments classi-

¹ *Maricopa County Commercial Club vs. Wells, Fargo and Co.*, XVI I. C. C. Reps., 182 (1909).

² *Boise Commercial Club vs. Adams Express Co. et al.*, XVII I. C. C. Reps., 116 (1909); *Kindel vs. Adams Express Co. et al.*, XIII I. C. C. Reps., 475 (1908).

³ Rule 8 (b) and (c).

CLASSIFICATION OF EXPRESS TRAFFIC

fied at higher than merchandise rates, the rate found in the graduated scale is multiplied by the number indicated. And in case the merchandise rate ¹ is \$2 or more per hundred pounds, "pound rates" are charged on shipments weighing over fifty pounds; when the merchandise rate is \$15 or more per hundred pounds, pound rates are charged on shipments weighing over twenty pounds; when it is over \$20 per hundred pounds, pound rates are charged for all weights, but the minimum charge is fifty cents. Pound rates are found by multiplying the number of pounds by the rate per hundred pounds and dividing by 100. If two or more packages ² are forwarded by the shipper at the same time to one consignee at one local address, weights may be "aggregated," provided that each package is given a minimum weight of twenty pounds and that a lower rate results from such aggregation.

The classification provides a special *valuation charge* ³ on merchandise valued at over \$50 for shipments of 100 pounds or less, or on merchandise valued at over fifty cents per pound for shipments of over 100 pounds. If the declared value exceeds this, the following extra charges are made: When the merchandise rate is \$3 or less per hundred pounds, ten cents for each \$100 excess value or fraction thereof; when it exceeds \$3 but is not over \$8, the extra charge is fifteen cents for each \$100 excess, and when it exceeds \$8, the valuation charge is twenty cents for each \$100 excess value. Special valuation charges are provided in case of paintings and statuary, animals, birds, and live stock.

After stating various additional rules, the Official Express Classification proceeds to classify all articles accepted

¹ Rule 8 (e) and (f).

² Rule 9 (a).

³ Rule 11(a) to (i).

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under merchandise rates. Articles may be classed at merchandise rates, or one and one half, double, three, four, five, etc., times the merchandise rate.

“ General Specials,” as previously stated, are certain specified articles, usually of lower grade. Unless “ Special ” or “ Commodity Rates ” apply, these articles are shipped under the rates of the so-called “ Scale N.” Pound rates are charged with a minimum of thirty-five cents for one company and twenty-five cents each for two or more, unless the regular graduated merchandise rates are less. “ Scale N ” in a convenient form provides a table of rates in cents per hundred pounds for these articles.

In addition to this the classification contains various other so-called “ scales.” Scale J conveniently states the rates *per car load* of horses or live stock, as based upon the graduated merchandise charges. Scale K similarly gives the scale rates in cents per hundred pounds on ale, beer, and other liquids and ice. Scale L states the rates on crated berries in cents per crate; Scale M, on crated eggs in cents per case of thirty and thirty-six dozen; and Scale O, on live poultry in cents per hundred pounds.

There are various so-called “ sections ” which provide special rates on certain articles in order to compete with the Post Office. Section D grants a rate of one cent per two ounces and a minimum of ten cents to posters, books, catalogues, seeds, tubers, and forty-four other articles. Section E extends a rate of one cent per ounce and a minimum of fifteen cents on packages of merchandise or samples. All articles under Sections D and E must be packed so that contents may be examined, and charges must be prepaid. Value or amount of C. O. D. dues must not exceed \$10 per package, and the value and description of contents must be marked on the package. Various articles, such

CLASSIFICATION OF EXPRESS TRAFFIC

as jewelry, silverware, etc., are, however, excepted. These are known as *prepay rates*, as distinct from *collect rates*, and in shipments to Boise, Idaho, by the Adams Express Company were declared unlawful in so far as they made a difference in rates based upon time of payment. The Interstate Commerce Commission¹ holds it to be "a fundamental fact that there can be but one lawful rate between two points, and the law takes no cognizance whatever of the distinction made by express companies between prepaid and collect shipments." Scale P states the rates per \$1,000 charged *for collecting and remitting paid C. O. D.'s and paid collections* in amounts of less than \$5,000 when payment is made in currency or gold. If the merchandise rate, for instance, is seventy-five cents or under per hundred pounds, the rate is fifty cents per \$1,000; if it is \$16.50 and not over \$17 per hundred pounds, the rate is \$8.50 per \$1,000.

Scale Q states the express rates on *gold coin*, Scale R on *currency*, and Scale S on shipments of currency and gold coin in amounts of less than \$1,000. Scale U states the express rate on *silver coin* in amounts of less than \$1,000. On larger amounts of *silver coin* the rate per \$1,000 face value is the same as the merchandise rate per hundred pounds, with a minimum of fifty cents per \$1,000.

REFERENCES

Consult references at close of Chapter XLIII, pp. 322-323.

¹ Boise Commercial Club *vs.* Adams Express Co. *et al.*, XVII I. C. C. Reps., 121 (1909).

CHAPTER XLII

EXPRESS TARIFFS AND RATES

Explanation of local and joint merchandise express tariff—Extracts from same—Distance and basing tariffs—Local and joint commodity tariffs—Scale and mileage tariffs—Factors considered in making express rates—Express rates for foreign shipments.

IN order to find the rate per hundred pounds of merchandise between two given points the agent turns to the proper *express tariff*. For *shipments between common points*¹ *local and joint merchandise tariffs*, issued by a common agent, are used. Tariff No. 1, for example,² applies on merchandise shipped between offices in Section 1 and offices in Section 2. Section 1 comprises common points in Connecticut, Delaware, District of Columbia, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Vermont, Virginia, and West Virginia, while Section 2 comprises those in Arkansas, Colorado, Idaho, Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Montana, Nebraska, New Mexico, North Dakota, Ohio, Oklahoma, Oregon, South Dakota, Texas, Utah, Washington, Mississippi, and Wyoming. In shipping from an office in Pennsylvania to one in Illinois, Indiana, Michigan, or Ohio the agent ascertains the "rate number" of his office

¹ F. G. Airy, "Tariff for Shipments Between Common Points," I. C. C. No. 496, effective Oct. 15, 1909.

² No. 1a, F. G. Airy's I. C. C. No. 463, effective May 1, 1909.

EXPRESS TARIFFS AND RATES

in Section 1 under the heading "Table No. 1" and that of the office in Illinois in Section 2. He then turns to a special table, known as Table No. 1, "and the rate per hundred pounds will be found at the intersection of the column headed by the rate number of the office in Section 1 with the horizontal line of rates, at the left-hand margin of which appears the rate number of the office in Section 2." In shipments between offices in Section 1 to common points in other states of section 2 the same procedure is followed, but Column and Table No. 2 instead of No. 1 are consulted.

The following extracts are from Tariff No. 1-A. In addition there are Tariffs Nos. 2, 3, and 4, applicable to common points in other territories:

SECTION I

List of Common Points with Rate Numbers

	RATE NUMBERS.	
	Table No. 1	Table No. 2
CONNECTICUT		
Grenville (Ad. A.).....	54	115
New London (Ad. A.).....	54	115
MASSACHUSETTS		
Acton (A. NB.).....	46	109
Allston (Ad. A.).....	46	109
PENNSYLVANIA		
Albion (Ad. W.).....	36	105
Philadelphia (Ad. W.).....	14	108
Pittsburg (Ad. A. P. W. W.).....	1	101

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SECTION II

List of Common Points with Rate Numbers

	RATE NUMBERS.	
ARKANSAS		
Benton (P. W.).....	447	
ILLINOIS		
Abingdon (Ad. W.).....	361	
Chicago (Ad. N., Nor. P., W. W.)..	323	

TABLE No. I

Local and Joint Merchandise Rates in Cents per 100 Pounds

Nos.	1	2	3	4	5		70
201.....	50	50	50	125	75	...	150
.....
.....
235.....	100	100	100	150	125	...	150
.....
.....
375.....	375	375	375	375	375	...	400

TABLE No. II

Local and Joint Merchandise Rates in Cents per 100 Pounds

Nos.	101	102	103	104			124
401.....	200	200	200	225	....	....	450
.....
.....
435.....	375	400	400	400	....	....	650
.....
.....
580-A.....	1325	1325	1325	1350	....	....	1500

EXPRESS TARIFFS AND RATES

For *shipments between points one or both of which are "exclusive"*—that is, not "*common*"—various types of tariffs are issued. When the articles are carried by one company the most common practice is to use its *local merchandise tariffs*. Some of these are very simple, stating the specific rates between a given office and other offices mentioned.

EXTRACT FROM LOCAL MERCHANDISE TARIFF OF ADAMS EXPRESS COMPANY

ADAMS EXPRESS COMPANY

(Traffic Department).

I. C. C. No. 572

Local Merchandise Tariff

Between Wierton, W. Va.

and

Offices of Adams Express Co. as shown herein.

Issued February 7, 1910.

Effective February 9, 1910.

.....General Manager.

.....Superintendent of Traffic.

OFFICE LIST AND TARIFF

	ROUTE No.	RATE.
GEORGIA		
Atlanta.....	1, 2	350
Blue Ridge.....	2	325
Canton.....	2	325
Cartersville.....	1	325
KENTUCKY		
Aden.....	3	175
Addison.....	31	225

Others are more complex, dividing the field covered into sections,¹ and providing rate tables, as shown in the case of the Airy Tariff, for shipments between common points. A

¹ Adams Express Co., Local Merchandise Tariff, I. C. C. No. 566, effective March 1, 1910.

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declining number are made up in the usual simple form, but contain rates inserted with a typewriter.¹ Some tariffs provide rate tables, but insert the actual names of the stations instead of the usual station numbers.

EXTRACT FROM LOCAL MERCHANDISE TARIFF OF SOUTHERN EXPRESS COMPANY

SOUTHERN EXPRESS COMPANY

(Traffic Department).

I. C. C. No. 1236

Local Merchandise Tariff

INDIANA

Issued January 5, 1910.

Effective

{ On Interstate Traffic
February 15, 1910.

On Intrastate Traffic
January 20, 1910.

.....Superintendent.

.....Vice President.

MERCHANDISE RATES IN CENTS PER 100 POUNDS

Ayrshire, Ind.....	Ayrshire					
Beck, Ind.....	50	Beck				
Birdseye, Ind.....	50	50	Birdseye			
Boonville, Ind.....	50	60	50	Boonville		
Bradley, Ind.....	50	50	50	50	Bradley	
West Baden, Ind.....	50	60	50	60	50	West Baden
Winslow(Pike Co.),Ind.	50	50	50	50	50	50

Still others are in the form of *distance tariffs*.² Each station is given an index number, and, with this in mind, the distance between two points can be ascertained from a mileage table. Rates can then be found for given distances.

Besides the above-named local merchandise tariffs, express companies may construct *basing tariffs*,³ to be used

¹ Northern Express Co., Local Merchandise Tariff, I. C. C. No. 245.

² Adams Express Co., Table of Distances between All Stations on the Iowa Central Ry., I. C. C. No. 267.

³ I. C. C., "Regulations governing The Construction and Filing of Tariffs and Classifications of Express Companies," effective August 1, 1908, p. 7.

EXPRESS TARIFFS AND RATES

when through rates are not specifically authorized in local or common joint tariffs. Wells, Fargo & Co.¹ has issued such a tariff. It is constructed in sections, each one containing an alphabetical list of offices and the basing rates for an individual state.

When two or more companies carry merchandise between offices, one or both of which are exclusive, one practice is to issue *joint merchandise tariffs*. Such tariffs are similar in form to local merchandise tariffs, but are jointly issued. If joint tariffs do not apply, the agent uses the through rates authorized by the originating company. *Joint basing transfer tariffs* are issued by the separate companies to show the through rate on shipments destined to offices of connecting concurring companies. Alphabetical lists of offices² are arranged by states so as to indicate all transfer points at which business may be transferred to connecting companies. "They shall provide that the lowest charge that can be computed via any transfer point named therein shall be the through charge from point of origin to destination applicable via any transfer point named therein." When joint tariffs are used, charges are graduated but once, but when joint basing transfer tariffs are used, except in case of packages weighing seven pounds or less, they are graduated once for each company.

In addition to the above-named class tariffs a growing number of *commodity tariffs*³ is being issued. Regular commodity tariffs may be either local or joint. The *local*

¹ Wells, Fargo & Co., General Tariff—Pennsylvania, Supplement to I. C. C. No. 10, effective May 20, 1908.

² Adams Express Co. Joint Basing Transfer Tariff, I. C. C. No. 20, effective March 1, 1910.

³ Interstate Commerce Commission, "Regulations Governing the Construction and Filing of Tariffs and Classifications of Express Companies," effective August 1, 1908, p. 8.

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commodity tariff states specific local rates on given articles between stated points.

EXTRACT FROM LOCAL COMMODITY TARIFF OF NORTHERN EXPRESS COMPANY

NORTHERN EXPRESS COMPANY

LOCAL COMMODITY TARIFF I. C. C. NO. 266
Naming Rates per 100 pounds
on
Fruit and Vegetables

FROM	Via Spokane, Portland & Seattle Ry. to	Rate per 100 pounds.
Portland, Ore.....	Dayton, Wash. Wartsburg, Wash.	\$1.30 1.30

Issued August 30, 1909.

Effective November 5, 1909.

Joint commodity tariffs name specific through rates on given articles between stated points, and are concurred in by connecting carriers.

EXTRACT FROM JOINT COMMODITY TARIFF OF THE SOUTHERN EXPRESS COMPANY

SOUTHERN EXPRESS COMPANY,

JOINT TARIFF ON FRESH FISH I. C. C. NO. 1208
In connection with Adams Express Company

From
Morehead City, N. C.
to
Kansas City, Mo.

Rate per sugar bbl.....	\$6.00
Rate per flour bbl.....	5.50
Rate per 100 lbs.....	3.50
Rate per sugar bbl. in ten bbl. lots.....	5.75

Issued March 18, 1910.

Effective April 23, 1910.

EXPRESS TARIFFS AND RATES

Some commodity rates are named in so-called *scale tariffs*, which are based directly on the regular graduated merchandise rates, but name the rates in convenient form. *Mileage tariffs* are, likewise, used in shipping special commodities. The following is an extract from a scale tariff on the mileage or distance plan:

ADAMS EXPRESS COMPANY

(Traffic Department)

I. C. C. NO. 589

SCALE NO. 17

LOCAL COMMODITY TARIFF

Applying on Interstate Shipments of
Milk and Cream

Between all Adams Express Co. offices on the Iowa Central Railway and Minneapolis and St. Paul Railroad.

(For list of offices and for table of distances, see I. C. C. No. 667 and 268 respectively.)

DISTANCE, MILES.	Scale for 10 gal. Can, Cents.	Scale for 8 gal. Can, Cents.	Scale for 5 gal. Can, Cents.
25	20	18	14
30	21	19	15
35	22	20	15
...
...
...
100	30	27	21
...
...
...
310	44	40	31
...
...
...
505	57	51	40

Issued March 10, 1910.

Effective April 1, 1910.

Sometimes commodity rates are granted in the classification by placing them within the regular scale rates and Sections D and E of the Official Express Classification.

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In the making of express rates and classifications no definite standards are consistently followed, and the factors considered are not so well defined as in the making of railroad freight rates. They are based upon costs only in so far as they must in the aggregate yield a profit. The cost of collection and delivery, rapid movement on express and passenger trains, special terminal facilities, and numerous special services rendered, are sufficient reason why express rates must be considerably higher than railroad freight rates. The costs enter also in so far that the rates must yield a return on the investment. But in judging express rates the Interstate Commerce Commission ¹ does not regard this return in the same light as in the case of freight rates. As was previously shown, there is but slight connection between express earnings and capitalization. It is essential "also to regard the value of the property used by the rail-ways in rendering their portion of the service."

Express rates are fixed primarily at what the traffic will bear, and in determining that point various factors are considered. *Weight* and *distance* are of prime importance, but neither consideration is consistently carried out. Rates ² on packages of seven pounds or less do not increase with distance to the same extent that rates on larger packages do, because of the competition of the United States Post Office. Likewise, if the rate is \$2 per hundred pounds and the package weighs over fifty pounds, pound rates are applied instead of the regular graduated scale; and pound rates are applied also to shipments of over 100 pounds.

Weight and distance are further modified in the special commodity rates granted to many articles, in the distinction between merchandise and general special rates, and

¹ *Kindel vs. Adams Express Co. et al.*, XIII I. C. C. Reps., 482 (1908).

² *Ibid.*, 475.

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in sections D and E of the Official Express Classification. These modifications are made in order "to move the traffic."

The postal service accounts for the low rates for small express packages, and for the so-called "Postal Rates" in sections D and E. In these *prepaid rates* the policy of granting lower rates when paid at the point of origin than at destination is one that is opposed as unjustifiable by the Interstate Commerce Commission.¹ At certain points the application of *double graduation* becomes of prime importance. When merchandise is carried by more than one company between common points the single graduate is applied, but when one of the two points is an exclusive office the double-graduate rule applies,² except on packages of seven pounds or less, and this results in through rates which are higher than a combination of locals and in a violation of the long-and-short-haul principle. The increase in rates computed in this way is far beyond the cost of transferring the package from one company to another. The Adams Express Company, in shipments to Boise, Idaho, was ordered by the Interstate Commerce Commission to file a new basis of rates.

The *contracts between the express companies and railways* exercise an influence upon express rates. As was shown above, they either establish a minimum with reference to freight rates or require the approval of the railway. In order to protect the railroad service, both freight and passenger express rates and railroad rates³ must remain so

¹ Boise Commercial Club *vs.* Adams Express Co. *et al.*, XVII I. C. C. Reps., 121 (1909).

² *Ibid.*, p. 116.

³ Kindel *vs.* Adams Express Co. *et al.*, XIII I. C. C. Reps., 484-485 (1908).

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far apart as not to attract too much ordinary freight to the express companies. But there is a wide field in which there is little or no competition between railways and express companies. While the contracts usually stipulate a minimum of one and one half times the freight rates, actual express rates usually are about three times the first-class freight rate.

Coöperation between the express companies is a factor in fixing express rates between competitive points. They "are fixed by tacit, if not express, agreements," and there is "a complete understanding as to the conditions under which business shall be received and handled."¹ The Airy Joint Tariffs for shipments between common points, concurred in by all the large express companies, are a result of this understanding.

The *hazard involved* in carrying large quantities of breakable and perishable goods probably influences express rates generally. Its force is, however, reduced considerably by the usual provision of the express receipt contract, whereby "articles of glass, articles contained in glass, and fragile articles are accepted at owner's risk."

The *value of the article* as a rate-making factor is of far less weight than in the making of freight rates. The Interstate Commerce Commission states that "no attention whatever is paid to value in naming rates for express service as an ordinary proposition. A package of merchandise weighing twenty-five pounds, of the value of \$1, would be carried at the same rate as a package of the same weight of the value of \$500."² The additional sum charged in case the value of a package exceeds \$50 is in the nature of in-

¹ *Ibid.*, 485.

² *Ullman vs. Adams Express Co. et al.*, XIV I. C. C. Reps., 340 (1908).

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insurance to guarantee safe delivery. In the express classification, likewise, the value of the article is not very significant. There are but few classes, and they contain articles of widely differing values. However, the division of express goods into merchandise, general specials, and specials is partly based upon the intrinsic value of the articles. With the tendency of express companies to carry heavy articles, both in car load and less than car load lots, more commodity rates are granted, and this is partly because the intrinsic value of these goods does not warrant regular merchandise rates.

Express rates for foreign shipments are quoted by the foreign departments, of the American, United States, and Wells, Fargo companies, and by the Morris European and American Express Company. They publish and maintain schedules¹ of rates from New York to foreign markets on packages of 100 pounds or less in weight, but not all of them are filed with the Interstate Commerce Commission. An excess valuation charge is added for values of over \$50 at specified rates; and a marine insurance charge is added in case the shipper desires protection from marine loss or damage. The figures on page 316 are typical express rates on shipments from New York to various foreign cities.

Foreign express rates for packages of over 100 pounds depend upon the fluctuation of ocean rates and the character of the articles. They are special rates quoted by the express company upon receipt of each article and may differ with each consignment.

In shipments of less than 300 pounds from the interior the charge usually consists of the foreign rate plus the regular domestic rate from the interior to the port. If,

¹ *Ibid.*

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TYPICAL EXPRESS RATES FOR SMALL FOREIGN SHIPMENTS¹

FROM NEW YORK TO	1 lb.	2 lbs.	5 lbs.	10 lbs.	15 lbs.	20 lbs.	30 lbs.	40 lbs.	50 lbs.	60 lbs.	70 lbs.	80 lbs.	90 lbs.	100 lbs.	Addl. 10 lbs.	Insurance per \$100.	Excess Value per \$100.
EUROPE:																	
Great Britain— Liverpool.....	.25	.30	.35	.50	.65	.80	1.00	1.20	1.40	1.60	1.70	1.80	1.90	2.00	.10	.30	.40
London, via South- ampton.....	.25	.25	.35	.50	.70	.85	1.15	1.35	1.50	1.65	1.80	1.95	2.10	2.25	.10	.30	.50
France—Paris.....	.30	.40	.60	.75	1.00	1.25	1.75	2.25	2.50	2.75	3.00	3.25	3.50	3.75	.20	.35	.50
Germany—Berlin.....	.40	.45	.60	.85	1.00	1.25	1.75	2.25	2.50	2.65	2.80	2.95	3.10	3.25	.17	.35	.50
Italy—Genoa.....	.40	.45	.60	.75	.90	1.15	1.60	1.90	2.10	2.30	2.50	2.70	2.90	3.00	.15	.50	.75
CHINA AND JAPAN— Hongkong, Shang- hai and Yokohama	.50	.60	1.00	1.75	2.00	2.25	2.75	3.25	3.75	4.25	4.75	5.25	5.75	6.00	.30	.75	1.50
ARGENTINA— Buenos Ayres.....	1.00	1.25	1.50	2.25	2.50	2.75	3.00	3.25	3.50	4.00	4.50	5.00	5.25	5.50	.35	1.00	1.00
CUBA—Havana.....	.40	.45	.60	.70	.80	1.00	1.40	1.70	2.00	2.25	2.50	2.75	3.00	3.50	.15	.50	.50

¹ From J. S. Briggs, "Express," p. 82 (1907).

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however, a greater weight is shipped and the base rate exceeds \$1 per 100 pounds, " the inland portion is reduced by varying amounts, the per cent of reduction increasing as the base rate increases." If, for instance, the base rate is \$4.50 per 100 pounds, the inland portion is reduced $33\frac{1}{3}$ per cent.

Express charges are now subject to federal and state regulation, and thus the Government controls the maximum above which particular rates may not rise. The scope of Government control of express companies will be considered in the following chapter.

REFERENCES

Consult references at close of following chapter.

CHAPTER XLIII

PUBLIC REGULATION OF EXPRESS COMPANIES

Provisions in Hepburn Act applying to express companies—In the Railway Rate Act of 1910—Regulation of express companies by the States—The demand for a parcels post—References for Chapters XXXVII to XLIII inclusive.

EXPRESS rates have in recent years been a source of much complaint. The control of freight rates, however, was for many years of such overshadowing importance that the Interstate Commerce Law, Elkins Law, and most of the state railway acts were applied to the railways alone. The term "common carriers," as used in some of these laws, was not one of definite meaning, and in other laws was specifically limited to "railroads." When, therefore, a public demand for greater control of transportation rates arose, a part of the program was to extend the scope of the railway commissions; and express companies, among other transportation agencies, were defined as common carriers.

The Hepburn Act of 1906 declares express companies to be common carriers, subject to the Interstate Commerce Commission, as are railways. Under this act the Commission can, upon complaint, fix a maximum interstate express rate, subject to review by the United States Circuit or higher federal courts. This power has at various times been exercised by the Commission. It, moreover, has made rulings concerning unfair discriminations.

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All interstate express tariffs are filed with the Commission, and the Commission has defined in detail the specific form of such tariffs. No new rates may be put into effect or old ones changed without giving a notice of thirty days to the Commission or obtaining special permission from it for a shorter time. Ocean carriers between ports of the United States and foreign countries not adjacent are not subject to the terms of the Interstate Commerce Act, but inland carriers¹ of export and import express traffic are obliged to publish their rates to and from the ports.

Under the Hepburn Act the Commission has the power to prescribe a uniform system of accounts for express companies, and has worked out a system now followed by all companies engaged in interstate business. It has power to examine the books of the companies in order to obtain evidence in rate or other cases, and to see that they are kept according to the prescribed system.

The Railway Rate Act of 1910 still further extends the federal control over express companies, as it does over all other interstate carriers within its scope. It requires them to appoint an agent in Washington upon whom notice may be served in proceedings before the Commission or the newly created Commerce Court; it revises the long-and-short-haul clause, so that exceptions to it may be made only with the consent of the Commission; and it provides that through rates may not be higher than the sum of the local rates to intermediate points. The present difference between express rates to exclusive, as compared with common, points frequently violates the long-and-short-haul clause, and is directly affected by these provisions.

¹ Interstate Commerce Commission, "Regulations Governing the Construction and Filing of Tariffs and Classifications of Express Companies," effective August 1, 1908, p. 40.

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The Commission may, under this act, reject all tariffs which do not state, and give lawful notice of, their effective date, and heavy penalties are imposed for failure to comply with its regulations as to their publication and filing. Shippers may demand a statement of rates upon written request, and may control the routing of their shipments, subject to supervision by the Commission. The Commission is given the power to fix maximum rates upon its own initiative, subject to review by the newly created Commerce Court, to promulgate classifications, to suspend proposed increases of rates, and to exercise greater power over through routes and joint rates. In any proceeding involving proposed increases of rates, the burden of proof rests upon the company to show that the increase is just and reasonable. The Commission is, moreover, empowered to issue orders as regards any service or regulation whatsoever which comes within the scope of the Interstate Commerce Act. Its power to call for information and reports is also enlarged.

The above are the main provisions of the Railway Rate Act of 1910 directly affecting the rates and services of express companies. A more detailed analysis of the act is contained in Chapter XLVII. One hundred and twenty-four chambers of commerce, boards of trade, and other commercial organizations have recently united in a petition to the Commission for relief from alleged excessive express rates.

Numerous states have, likewise, brought express companies within the scope of their railroad, corporation, or public utilities acts. This has been done in Alabama, Arizona, Arkansas, California, Colorado, Florida, Georgia, Indiana, Iowa, Kansas, Louisiana, Maryland, Michigan, Minnesota, Mississippi, Missouri, Montana, New Jersey, North and

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South Dakota, North and South Carolina, Nebraska, New York, Nevada, Ohio, Oklahoma, Oregon, Pennsylvania, Texas, Vermont, Virginia, Washington, and Wisconsin. The Georgia Commission,¹ for example, with power to fix maximum rates, has promulgated a general distance tariff of merchandise rates for intrastate express traffic, a special tariff for perishables and general specials; another for dressed poultry, fish, meat, and butter; a special milk tariff, a special local merchandise tariff, and various special commodity rates. These state statutes also require the filing and publication of express tariffs and prohibit unfair discriminations. Many of them require the publication of the rates for a stated period of from ten to thirty days before applying them. In some states, as in New York, Wisconsin, Washington, Minnesota, Oregon, Maryland, and New Jersey, the commissions have power to prescribe express accounts, and their usual practice is to adopt the system prescribed by the Interstate Commerce Commission. In others, such as New York, Oregon, Vermont, Georgia, Maryland, New Jersey, and Nebraska, they have control over the issue of new securities.

The Interstate Commerce Act and the various state laws have become an influential factor in the fixing of express charges and the performance of express services. It is, however, largely because express rates are still high that a demand for a parcels post has arisen. The effect of post office competition is seen in the lower rates charged by express companies for packages of seven pounds or less than for larger parcels, and it is felt that if the post office increased its maximum weight allowance from four to ten or fifteen pounds the effect would become more widespread.

¹ Thirty-sixth Annual Report of the Railroad Commission of Georgia (1908), Express Tariffs of the Georgia Commission, pp. 387-394.

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5. F. G. Airy, Joint Tariff On Shipments Between Common Points, effective May 1, 1909, I. C. C. No. 496.

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18. "In the matter of the Investigation of the Increase in Freight and Express Rates." Transcript of Testimony Given Before Senate Committee on Federal Relations. Legislature of California, 38th Sess., 1909.

19. Interstate Commerce Commission. "Interstate Commerce Corporations Owning Capital Stock of other Corporations. Exhibit B, Express Companies," pp. 53-55. Sen. Doc., 60 Cong., 1 Sess., No. 278.

20. E. R. Johnson, "American Railway Transportation," 3d Ed., Chap. XI, "The Express Service of the Railways," New York, 1908.

21. E. R. Johnson, "Ocean and Inland Water Transportation," Chap. VIII, "The International Express Service," New York, 1906.

CHAPTER XLIV

DEVELOPMENT OF RAILWAY MAIL TRANSPORTATION

Origin of the colonial post office—Early railway transportation of mails—Introduction of the Railway Post Office—Present scope of that service—Fast mail service—Case examination of postal clerks—City separation of mails—Statistics of mail service and receipts—Rapid advance in steamboat and railway mail services.

A PUBLIC post office service has existed in America for over two centuries. As early as 1633 the Massachusetts Court established a public delivery service¹ at Boston for foreign mail matter, and in 1677 appointed a general postman, subject to orders from a committee of Boston merchants. In 1683 William Penn established a public post office at Philadelphia and a route between that city and New Castle, Del. Legislative action was taken as early as 1700 to establish a post office at Philadelphia; in 1710 the British Parliament ordered the erection of "chief letter offices," and under this act postal routes were established throughout the colonies. Benjamin Franklin was in 1753, by commission of the Postmaster-General of England, appointed Deputy Postmaster-General of America.

In 1776 the Continental Congress appointed a Postmaster-General; and in 1789 the first Postmaster-General of the United States, Samuel Osgood, was appointed under

¹ "History of the Railway Mail Service," Exec. Doc., 48 Cong., 2 Sess., No. 40, p. 7; L. H. Haney, "Congressional History of Railways," vol. ii, p. 201.

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the Federal Constitution. At this time the Post Office Department had under its control about sixty post offices and 2,000 miles of post roads. The work of the central office was conducted by the Postmaster-General, his assistant, and one clerk. From this humble beginning the department has grown to its present size, controlling over 60,000 post offices and over 448,000 miles of postal routes.

The securing of speedy and safe transportation of the mails for years constituted the leading difficulty. Prior to the railroad the stagecoach was generally used, and it was supplemented with horseback, sulky, packet, and steamboat services. The common method was to contract with individuals to carry the mails over given routes. The contracts stipulated the rate of pay, the speed of transportation, and the frequency of delivery. On routes with heavy traffic it was required that the mails be carried daily "in four-horse coaches, constructed under the directions of the Department exclusively for the mails, except an outside seat for the accommodation of three passengers."

The first railroad mail route was established about 1834, but the service was so uncertain and slow that the stagecoach did not at once lose ground. Many of the contracts with stagecoach and horseback carriers called for from eight to fifteen miles an hour, and the early railroads could do little better. In 1834 and 1835 "grave doubts were entertained as to whether the railway service could ever be made acceptable to the public or the Department, and frequent threats are on record that the contractors will be remanded to the stagecoaches."¹

The first railroad mail services were performed through

¹ "History of the Railway Mail Service," p. 23.

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the usual contractors, who obligated themselves to transport the mails for a given number of years, and made their own arrangements with the railways. When these time contracts expired the post office began to make direct arrangements with the railways, inviting proposals and making contracts with them. The railroad service continued to be rendered under contract until the 70's, when this method and that of inviting proposals were abandoned. The mail service over steamship and star routes is still rendered under contract, but that over railway routes by order and arrangement of Congress and the Post Office Department.

Since the mail carried on stagecoach and steamboat routes depended upon the "pouch service," that method was also adopted on the railway routes. For some time mail matter, though carried on passenger trains, was handled as freight. Mail pouches were collected and unloaded at the various stations on a route, and all mail matter was sorted and distributed in the post offices.

An essential supplement to the pouch service, even prior to rail transportation, were the "distributing post offices," first established by act of Congress in 1810. Their number grew from thirty-five in the beginning to fifty in 1857. In these offices the mail was redistributed and forwarded to destination. These offices received originally five per cent and later seven, and twelve and a half per cent of the postage as compensation. Serious abuses arose in the system, many letters being redistributed various times and the greater portion of the postage paid as commissions. By decreasing the number of pouches the distributing offices caused unbearable delay and expense. As a result thirteen of the fifty distributing offices were discontinued in 1859 and the practice of *direct mailing* between offices was sub-

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stituted. With the adoption of railway post offices the entire system was gradually abandoned.

There are certain milestones in the development of railway mail transportation, and one of them is the introduction of "The Railway Mail Service." Under this service the railways furnish "post office cars," or "compartment cars," in which postal clerks distribute the mails while the train is *en route*. The Postmaster-General, as long ago as 1840, reported the use of traveling post offices in England, and they are mentioned in his annual report for 1859 as being used in Canada. It also appears that William A. Davis distributed the overland mails in transit on the Hannibal & St. Joseph Railroad in 1862. Its first real impetus in the United States, however, was given in 1864 by George B. Armstrong, later General Superintendent of the Railway Mail Service. Mr. Armstrong placed his first railway post office car upon the Chicago & Northwestern Railway, August 28, 1864.¹

The railway post office car and compartment car solved the most perplexing difficulty of the mail service—that of mail distribution. In 1909 full railway post offices were operated over 53,539 miles of railway and compartment cars on 141,666 miles, while the closed-pouch service prevailed on 23,194 miles. The railways employed or had in reserve 1,342 post office cars and 3,755 compartment cars. The latter usually consist of baggage cars with mail compartments, in which the postal clerk distributes the mail in transit. Such cars are used on routes not requiring full-sized cars. A full railway post office car, seventy feet in length, carries an average of 5,800 pounds of mail matter,²

¹ C. E. Carr, "The Railway Mail Service," p. 16 (1909).

² "Special Weighing of the Mails of 1907," House Doc., 60 Cong., 1 Sess., No. 910. Table EE.

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and a compartment thirty-five feet in length carries an average of 1,539 pounds. On heavy mail routes the practice also prevails of operating "storage cars" in conjunction with railway post offices, the mail being transferred to the latter as it is required by the postal clerks. A storage car, sixty-eight feet in length, carries an average of 26,400 pounds of mail, and dispenses with the extra payment made for railway post offices.

The railway mail service is supervised by the Second Assistant Postmaster-General, but is directly in charge of a General Superintendent, an Assistant General Superintendent, and the Chief Clerk. The territory covered is divided into eleven divisions, in charge of Division Superintendents. The assorting and distributing of the mails in transit is performed by "Railway Postal Clerks," who are divided into six classes, according to their salaries, and are required to furnish bonds of \$1,000. The Railway Postal Clerks are among the most efficient in the entire Government service.

The railway mail service has been extended and vastly improved since its adoption. One of the most important betterments was the introduction, in 1875, of the *Fast Mail Service*. The first fast mail train was operated between New York and Chicago, over the New York Central and Lake Shore & Michigan Southern, under the direction of General Superintendent George S. Bangs. It consisted wholly of mail cars running at unusual speed, with right of way over all other trains, and guaranteeing to deliver the mails upon schedule time. The experiment was successful, and the Pennsylvania Railroad likewise established a fast mail service. These railways, however, expected to receive extra payment to compensate for the additional expense incurred. Instead, Congress in 1876 reduced mail pay-

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ments by ten per cent, and as a result W. H. Vanderbilt and Thomas A. Scott, on behalf of their respective railways, notified the Post Office Department that the fast mail service would be discontinued after July 22, 1876.

The interruption was of short duration. A concerted public demand arose for its reestablishment, and Congress was obliged to appropriate funds for the so-called "special facilities pay." Since 1877 the fast mail service has been a fixed institution. As is stated by Mr. Clark E. Carr, who was a guest on the pioneer fast mail train, "all the leading railways of the United States, east and west and north and south, now have fast mail trains, the speed of which averages forty miles an hour. They cover thousands of miles in extent, and each is equipped with the finest mail cars and ample crews of the most competent and efficient postal railway clerks. Trips both ways are made over these roads by fast mail trains every day."¹

Further improvement in the railway mail service occurred soon after Mr. Bangs became General Superintendent, when the *case examination* system of promotion for postal clerks was introduced. The examination case, or "sweat case," invented by James E. White, later General Superintendent, is "the post office world in miniature." In the offices of the Division Superintendents are cases labeled with the names of many post offices similar to the arrangement in the railway post offices, and cards bearing the names of many post offices are provided. The postal clerks are required to distribute these cards with minimum error and maximum speed without the aid of charts, time tables, or schedules of connections. The examination case has to this day remained the basis of promotion for Rail-

¹ C. E. Carr, "The Railway Mail Service," p. 35.

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way Postal Clerks. It has been incorporated into the postal laws as follows: "The case examination and card record of a clerk shall constitute the examination for promotion to any position in a railway post office. No examination shall be required for promotion to higher positions, eligibility for promotion being determined by the Board of Promotion after considering such qualities as judgment, character, ability, and general qualifications of the person competing. Records of efficiency in case examinations shall be prescribed by the Board of Promotion, after consulting with the Postmaster-General, and shall embrace the elements which are essential to a fair and accurate determination of relative merit."¹ The case system has resulted in the selection of a body of Railway Postal Clerks of marked efficiency.

Further improvement came with the introduction of *city separation*. Trials were made as early as 1867, but no general and systematic attempt was made until 1882. Under this method the mails at the stationary post offices are distributed for trains and delivered to the Railway Postal Clerks who distribute the mail *en route* not merely by cities but also by substations of a large city, and those for the business sections are ready for the mail carriers when the train arrives. Not more than five per cent² of the mails taken to Chicago pass through the central office.

Railway postal routes are now used for the transportation of most of the mails as is shown in the following table of annual distances traveled, length of routes, and expenditures. They comprise forty-eight per cent of the aggregate

¹ Supplement to the Postal Laws of the United States, in effect March 4, 1907, p. 116.

² G. C. Tunell, "Railway Mail Service," in Hatfield's "Lectures on Commerce," p. 79.

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length of mail routes, and account for seventy-six per cent of the annual distance traveled.

THE MAIL SERVICE IN OPERATION, JUNE 30, 1909

SERVICE.	Number.	Aggregate length, miles.	Annual travel, miles.	Annual rate of expenditure.
Star routes.....	13,600	177,194.33	91,597,310.75	\$6,791,019.18
Special office routes.....	966	12,710.37	3,171,881.44	32,906.90
Steamboat routes.....	219	28,314.97	4,733,977.85	694,891.89
Railroad routes.....	3,316	217,115.907	413,546,194.73	44,885,395.29
Railway mail service (officers and clerks).....	16,044	.....	.....	18,380,725.19
Railway post-office cars.....	.....	.....	.....	4,721,044.87
Mail-messenger routes.....	7,700	5,177.35	12,198,245.94	1,508,025.60
Wagon routes (in cities)...	320	1,090.41	4,964,137.82	1,530,336.22
Electric and cable car routes.....	525	6,969.34	11,939,373.11	643,977.78
Pneumatic-tube routes...	6	45.66	.....	776,339.04
Mail equipment.....	.....	.....	.....	538,040.84
Freight on mail bags, postal cards, etc.....	.....	.....	.....	255,792.97
Miscellaneous expenses...	.....	.....	.....	597.60
Total inland service.....	26,652	448,618.34	542,151,121.64	80,759,096.37
Foreign mails, aggregate cost.....	.....	2,922,888.16	.....	.....
Less intermediate service to foreign countries....	.....	188,222.40	.....	2,734,665.76
Total.....	.....	.....	.....	83,493,762.13

Between places not reached by rail or steamboat the mails are carried over "star routes" by wagon or on horseback in much the same way as they were a century ago. A "special office route" is a "temporary arrangement for the supply of newly established post offices that are not on or near the lines of existing routes, and as soon as the new office shows a number of people to be supplied, or an amount of mail to be carried that will justify such action, regular contract service is provided for its supply." "Mail-messenger routes" supply the transportation between railway stations and post offices situated more than eighty rods away. In large cities this service and that between the central post office and substations give rise to "wagon

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routes " over which contractors operate regulation and screen wagons or motor cars. In addition, contracts are made over steamboat, electric railway, and pneumatic-tube routes, the latter being operated only at Boston, Brooklyn, New York, Philadelphia, Chicago, and St. Louis.

Of the four leading classes of mail routes for the transportation of mails—star route, special office, steamboat, and railroad—the last named is advancing at the expense of the others. Since 1900 the number of star routes has declined forty per cent, and of special office routes fifty per cent. In contrast the number of steamboat routes has increased twenty per cent; but the number of railroad mail routes has increased twenty-eight per cent. It is estimated that in 1909, 1,290,000,000 pounds of mail matter and 554,700,000 pounds of mail pouches and bags were handled by the post office service. The proportion of this carried beyond railroad stations and by steamboats is relatively small. The great volume of mail traffic moves by rail between the large cities and centers of population.

REFERENCES

Consult references at the end of Chapter XLVI.

CHAPTER XLV

RAILWAY MAIL SERVICE AND PAYMENT

Kinds of mail service—Government requirements of the railways—

Early system of paying railways for carrying mails—Laws of 1838, 1845, 1853, 1872, 1873, 1876, 1878, 1906, and 1907—Table of present rates for railway mail transportation—Rates allowed for use of full-sized railway post-office cars—Amount paid railways and other carriers for transporting the mails—Business organization of the post office.

THERE are two forms of mail service, (1) the transportation of the pouch, or closed, mail in baggage, or storage cars, and (2) the carriage of the mails in railway post office, or compartment, cars in accordance with the stipulations made by the Post Office Department. The Government specifies ¹ how the compartment and post-office cars must be built, that lights shall be provided, and that proper devices for handling, loading, and unloading mail pouches, for catching mail without stopping trains, and for keeping cinders out of the cars, shall be furnished. In addition, the law provides that the mails must be carried on the fastest trains when so ordered by the Postmaster-General; that mails must be carried upon any train the Post Office Department may select; the mails be given preference over baggage or other matter, so that none may needlessly be

¹ Commission to Investigate the Postal Deficit. "Railway Mail Pay," Senate Doc., 56 Cong., 2 Sess., No. 89, p. 84.

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left behind; that the mail cars be stationed where they can be easily and conveniently approached; that the railroads carry the mails under certain conditions between its stations and the post offices; and that railroad employees give the mail their first attention on the arrival of trains.

When necessary, the Government requires that the mail cars be stationed in the railway terminals for some hours prior to the departure of the train, and holds the railways responsible for the mails while in their possession. Under the act of June 26, 1906, if the railways failed to deliver the mails on schedule time, deductions were made from their pay, and in 1907 net deductions of \$882,000 were reported.¹ The law, however, is no longer effective.

In addition to providing, equipping, and hauling the postal cars as required by the Government, the railways perform various other services. Their employees load the mails into the cars, and when cars are not in charge of a messenger, unload them. They transfer the mails from car to car, and, except in large cities, between station and post office. At terminal stations this service may be required regardless of distance, but at way stations and intermediate stations the railways are not obliged to deliver mails more than eighty rods. Twenty-nine thousand out of a total of 60,000 post offices, however, come within this limit, and at them the railways directly supply the messenger service or make arrangements with the postmaster to have him handle the mails.

All these requirements tend to guarantee a speedy and

¹ Statement Relative to Mail Trains. Letter from Acting Postmaster-General. Sen. Doc., 60 Cong., 1 Sess., No. 214, p. 3.

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reliable mail service. They also cause expense to the railways and must be considered in any discussion of the adequacy of railway mail compensation.

The payment to the railways for the carriage of the United States mails has for many years been under consideration by the Post Office Department and Congress. Before the advent of railroads it had been the policy to make mail contracts based upon competitive bidding with the owners of stage coaches, steamboats, and other means of conveyance, and later this policy was adopted in the dealings with railroads. The first railroad mail act was that of 1838,¹ which declared all railroads to be post routes, and fixed a maximum rate of pay not to exceed twenty-five per cent above what "similar transportation would cost in post coaches." The difficulty of administering this regulation resulted, within a year, in a second railway mail act which fixed an annual maximum of \$300 per mile. In 1845 Congress classified railway mail routes in three classes with annual maximum rates of \$300, \$100, and \$50 respectively, with twenty-five per cent extra if one half of service was at night. In 1853 a law was enacted enabling the Post Office Department to contract with parts of operated railways as well as with a completed line. Care was also taken to place provisions in the acts granting public lands to the railways, frequently compelling the railroad companies to carry the mails under the directions of the Post Office Department.

During the years of this pioneer legislation, however, there was prolonged friction between the post office and the railways. At one time the Illinois Central Railroad, for

¹ "History of the Railway Mail Service." General Superintendent Railway Mail Service. Exec. Doc., 48 Cong., 2 Sess., No. 40, p. 110.

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instance, in spite of its federal land grant, refused to accept the terms offered to it, and finally, after yielding to the post office, it did not conform to the mail schedules prescribed or to other requests of the department. In 1859 the Postmaster-General stated in his annual report: "With every disposition to deal with them (the railways) most liberally, and with a full recognition of their value as postal agents—still it is manifest that their present attitude—seemingly defiant in its tone, as it is disorganizing in its tendencies—cannot be endured without humiliation to the Government and without serious peril to those great interests which it is the mission of the department to uphold and advance."

After much delay ¹ the Post Office Act of 1872 was enacted. The maximum rates and classification of 1845 were reestablished, as was also the provision that twenty-five per cent additional be paid in case one half of the service of a railway was required at night. Land grant lines were required to carry mail at whatever rates Congress may provide, or the Postmaster-General may meanwhile name. The Postmaster-General was also authorized to pay for the use of railway post-office cars as he deemed best up to fifty per cent of the authorized rates.

It was on March 3, 1873, however, that the present basis of weight of mail, distance hauled, and number of full-sized postal cars used was enacted into law. Inviting proposals was abandoned. As is shown in the following table, under this act the Postmaster-General fixed maximum rates, ranging from \$50 per mile per annum for average daily weights of 200 pounds to \$200 in case of 5,000 pound weights, and \$25 additional for every 2,000 pounds. He

¹ Haney, vol. ii, p. 206.

RAILWAY MAIL SERVICE AND PAYMENT

also prescribed extra payments for railway postal cars as follows: \$25 for forty feet, \$30 for forty-five feet, \$40 for fifty feet, and \$50 for fifty-five to sixty feet cars.

From these rates there has been a gradual reduction. On July 12, 1876, a ten-per-cent cut was made in the general rates, and land grant lines were henceforth to receive but eighty per cent of the rates paid other railroad com-

Schedule of Rates for Railway Mail Transportation ¹

AVERAGE WEIGHT OF MAILS PER DAY CARRIED OVER WHOLE LENGTH OF ROUTE.	Pay per mile per annum.			
	Rates allowable under act of Mar. 3, 1873.	Rates allowable under acts of July 12, 1876, June 17, 1878, and Mar. 2, 1907.	Rates allowable to land- grant rail- roads un- der acts of July 12, 1876, June 17, 1878, Mar. 2, 1907, and May 12, 1910.	Intermediate weight warranting allowances of \$1 per mile under the law of 1873 and the cus- tom of the department, subject to acts of July 12, 1876, June 17, 1878, Mar. 2, 1907, and May 12, 1910.
				<i>Pounds.</i>
200 pounds.....	\$50.00	\$42.75	\$34.20	.....
200 pounds to 500 pounds.....				12
500 pounds.....	75.00	64.12	51.30	.....
500 pounds to 1,000 pounds.....				20
1,000 pounds.....	100.00	85.50	68.40	.....
1,000 pounds to 1,500 pounds.....				20
1,500 pounds.....	125.00	106.87	85.50	.....
1,500 pounds to 2,000 pounds.....				20
2,000 pounds.....	150.00	128.25	102.60	.....
2,000 pounds to 3,500 pounds.....				60
3,500 pounds.....	175.00	149.62	119.70	.....
3,500 pounds to 5,000 pounds.....				60
5,000 pounds.....	200.00	171.00	136.80	.....
5,000 pounds to 48,000 pounds.....				80
For every additional 2,000 pounds over 5,000 pounds and under 48,000 pounds.....	25.00	20.30	16.24	.....
For every 2,000 pounds over 48,000 pounds.....	25.00	19.24	15.39	{ a 103.96 b 129.96

a Nonland grant.

b Land grant.

¹ "Railway Mail Pay." Hearings before Subcommittee No. 6 of Committee on the Post Office and Post Roads. 60 Cong., 2 Sess., February 11, 1909, p. 3.

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panies. On June 17, 1878, a further reduction of five per cent was made. The act of March 2, 1907, reduced the general rates on all routes carrying over 5,000 pounds per day and made a cut of about six per cent in the payments for railway postal cars. By the act of June 26, 1906, moreover, empty mail bags and various supplies were withdrawn from the mails to be shipped as freight or express, thus reducing the mail pay without substantially reducing the space required. A further cut resulted on June 7, 1907, when by order of the Postmaster-General the method of computing the average daily weights carried was changed so that the full number of days in the weighing period is now used as a divisor. This decreased the compensation for railroad transportation by from eight to ten per cent. A slight reduction also resulted, from an order of the Postmaster-General, in the pay for the return movement of railway post-office cars.

An examination of the general rates shows that they are much higher for small than for large weights. When reduced to terms of rates per ton per mile they vary from \$1.171 for weights of 200 pounds to \$0.052 for weights in excess of 48,000 pounds. The total sums paid to a railway increase with the weights carried, but not in proportion to the volume of the traffic.

The actual payments based on weight and distance are fixed by the Government. Two authorities are concerned, the Post Office Department and Congress. The latter establishes the maximum rates by law, while the former determines the actual rates, weights, and distances. The daily weights carried are determined by weighing the mail for not less than ninety successive working days once in four years. Since the volume materially increases during the course of

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four years it follows that the railways are not paid for all the mail matter carried by them. The excess weight carried cannot be accurately stated. Frequent charge is made that the volume of mail during the period of weighing is sometimes artificially padded; but the Post Office Department takes special pains to prevent such frauds.

In addition to the general rates paid to railways for carrying mails in storage, baggage, or compartment cars, they receive special pay in case they supply and haul full-sized railway post-office cars. The sums received annually per mile of track, in case sufficient cars are furnished and run to make a daily round trip, are as follows:

Rates Allowed for Full-Sized Railway Post-Office Cars

LENGTH OF CAR	Rate per annum per mile of track.
40 feet, inside measurement	\$25.00
45 " " " "	27.50
50 " " " "	32.50
55 " or over, inside measurement	40.00

If the car makes but a one-way trip each day, its pay is only one half of the above schedule.

For some years Congress appropriated small sums for "special facilities." Such sums constituted a third method of railway mail payment. They were paid to secure a fast mail train, or other special service at a time, or under conditions warranting extra compensation. The sums paid in this way were never large and ceased wholly in 1907.

The total amount paid to the railroads by the post office in 1909 aggregated \$49,869,000, or 22.5 per cent of the total

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expenditures; \$4,721,000 of this was paid for the use of railway post office cars. The total payment during the years 1900 to 1909 increased by 33.6 per cent. During the same period the aggregate expenditures of the Post Office Department increased from \$107,740,267 to \$221,004,102, or by 104 per cent. Since 1907, when the rates of railway mail payments were revised to some extent, the pay to the railroads has increased but slightly, while the total expenditures have advanced by \$30,700,000.

Expenditures for Mail Transportation ¹

YEAR.	Railroad transportation.	Other domestic means of transportation.	Transportation of foreign mail.
1900.....	\$37,315,724	\$7,794,212	\$2,155,567
1905.....	45,040,564	11,302,795	2,832,432
1906.....	46,953,439	11,449,199	3,052,890
1907.....	49,758,071	12,002,581	3,031,038
1908.....	48,458,255	11,962,539	3,084,025
1909.....	49,869,375	12,156,229	2,943,849

In the business organization of the post office the transportation of mails is under the control of the Second Assistant Postmaster-General. Within his office there is a Division of Railway Adjustment under the supervision of a Superintendent. It is here that allowances to railways are adjusted, that orders and instructions for the weighing of mails are issued, that the returns of such weighing are received and the basis of pay computed from them. There is also a Division of Railway Mail Service, the General Superintendent of which has charge of the appointment of mail weighers and the conduct of mail weighings, the general conduct of the mail service in post office cars, and the

¹ Annual Report of Postmaster-General, 1909, pp. 60-61.

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investigation of the necessity for establishing the post office car service on new railways, and increasing the car space on existing routes. The entire service is under the supervision of the Postmaster-General.

REFERENCES

Consult references at the end of the following chapter.

CHAPTER XLVI

RAILWAY MAIL PAY AND THE POST OFFICE DEFICIT

Postal revenues, expenditures, and deficit, 1880-1909—Deficit not due to payments made to railroads—Sources of the deficit—Table of post-office expenditures—Recommendations of the Postmaster-General—References for Chapters XLIV-XLVI.

IN his annual report for 1909 the Postmaster-General speaks in the following terms of the deficit of the post office: "In its early days the postal service was self-supporting. For thirty years, from 1789 to 1819, it failed only once to yield an annual profit, but in recent years, almost without exception, there has been a deficit. So long as the deficit amounted to only a few million dollars and did not increase in proportion to the growth of the service, it attracted little attention; but when, in the last few years, it leaped to upward of \$10,000,000, and finally in 1909 exceeded \$17,000,000, ordinary business prudence suggested that the causes be definitely located."¹

The postal revenues, expenditures, and deficit since 1880 are shown on the opposite page.

The growing deficit has caused many to favor a reduction in the payments made to the railways. In fairness to the railroads, however, it is manifest that neither is the increasing deficit due to railway mail pay, nor is this pay

¹ Annual Report of 1909, p. 6.

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YEAR.	Postal Revenue.	Postal Expenditures.	Deficit.
1880.....	\$33,315,479	\$36,542,804	\$3,227,325
1890.....	60,882,098	66,259,548	5,377,450
1900.....	102,354,579	107,740,267	5,385,688
1905.....	152,826,585	167,399,169	14,572,584
1906.....	167,932,782	178,449,778	10,576,996
1907.....	183,585,006	190,238,288	6,653,282
1908.....	191,478,663	208,351,886	16,873,223
1909.....	203,562,383	221,004,103	17,441,720

in itself too high. As was previously shown, total expenditures have, since 1900, increased more than three times as rapidly as expenditures for rail transportation, and since 1907 there has been practically no increase in railway mail pay. From 1878 to 1907 the sums paid to the railroads increased less than the volume of mail carried, because the rate of payment declines as the volume increases. Since 1907 this relation between volume and payments has become more pronounced, because the actual rates have in various ways been somewhat reduced. Since 1900 postal revenue has increased by 98 per cent, while railway mail pay has advanced by 33.6 per cent. From 1907 to 1909 the former advanced by \$19,977,000 and the latter by \$111,300.

In 1898 and 1899 a Joint Commission of Congress, appointed to investigate the postal service, concluded that, "taking in view all facts as disclosed by the testimony filed herewith, we are of the opinion that the prices paid as compensation for the postal-car service are not excessive, and recommend that no reduction be made therein so long as the methods, conditions, and requirements of the postal service continue the same as at present." As regards the general rates, it concluded that "the prices now paid to the railway companies for the transportation of the mails

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are not excessive," and recommended "that no reduction thereof be made at this time."

Conditions since the above statement was made have not so changed as to warrant any widespread reduction. From 1898 to 1907 wages have increased 28 per cent, the price of commodities 38 per cent, and train-mile costs 54 per cent. During the same period it is notable that the earnings of the railways from the mails increased ¹ 46 per cent, as compared with a gain of 121 per cent in express goods, 111 per cent in passengers, and 114 per cent freight revenue. Earnings per passenger train mile from passengers advanced 31 per cent and from express 38 per cent, while in the case of mails it declined 10 per cent. Mail pay in terms of cents per ton miles declined from 12.57 in 1898 to 10.66 in 1907 and 9.94 in 1908, while freight earnings per ton mile and passenger receipts per passenger-mile remained practically stationary.

The rates paid for carrying the mails are somewhat higher than the rates charged on express matter. The difference, however, no more than compensates for the greater expenses connected with the mail service and the higher classification of the articles carried. If the post office entered into contracts such as exist between railways and express companies, it would pay from forty to sixty per cent of its gross revenue to the railways, and railway mail pay would annually aggregate over \$100,000,000 instead of \$49,869,000.,

In order to determine the causes of the increasing post office deficit it is necessary to examine expenditures other

¹ J. Kruttschnitt, "Railway Mail Pay," compiled from the annual "Statistics of Railways of the United States," issued by the Interstate Commerce Commission. *Railroad Age Gazette*, vol. xlvi, p. 794 (April 9, 1909).

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ITEM.	Receipts.	Expenses.	Profit.	Loss.	Total weight of mail, based on special weighing of 1907.
First-class mail	\$132,304,844.51	\$78,630,649.89	\$53,674,194.62	.....	<i>Pounds.</i> 157,502,610
Second-class mail.....	9,066,043.61	73,194,070.52	.....	\$64,128,026.91	792,580,967
Third-class mail.....	25,556,111.37	28,785,633.49	.....	3,229,522.12	179,694,654
Fourth-class mail.....	7,755,921.70	5,659,732.19	2,096,189.51	.....	58,889,400
Foreign mail.....	8,585,564.24	6,080,553.53	2,505,010.71	.....	54,067,099
Free congressional mail....	.....	518,385.45	.....	518,385.45	4,531,080
Free departmental mail....	.....	5,219,661.65	.....	5,219,661.65	43,092,474
Registry service.....	2,889,912.80	6,768,437.41	.....	3,878,524.61	.....
Special-delivery service....	1,373,451.40	1,233,164.35	140,287.05
Money-order service.....	3,946,813.78	4,015,206.52	68,392.74

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than railway mail pay. The table presented on the preceding page indicates the leading items of profit and loss of the Post Office Department for the year 1909, according to the class of service.¹

It is manifest that the chief source of loss is *second-class mail matter*. It brings in a revenue of little over one cent a pound and requires 9.23 cents a pound to handle and carry it. This class of mail, consisting of newspapers, magazines, and other periodicals issued at intervals not exceeding three months, is charged at the rate of one cent for four ounces, and when mailed by publishers at one cent a pound. Local newspapers are handled free of charge in the county of publication, except in cities having a free-delivery service. Since 1879, when the pound rate went into effect, second-class mail matter has increased by 1,300 per cent. Over 700,000,000 pounds are annually handled, and the special weighing of 1907 showed that it amounts to sixty-three per cent of all domestic mail and yields but five per cent of the revenue. As is stated by the Postmaster-General: "The loss on second-class matter was greater than the profits on all classes of mail combined. It exceeded the total amount paid the railroads for mail transportation." He, moreover, recommends that "some substantial advance in the postage of such mail should be made in order to reduce the tremendous losses the Government revenues are now suffering from this source."

It is seen also that substantial losses result from the free congressional or "franked" mail, free departmental or "penalty" mail, third-class mail, and the registry service. The greatest profits result from first-class, fourth-class, and foreign mail matter.

¹ Annual Report of Postmaster-General (1909), p. 8.

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To indicate still further the sources of the deficit, post office expenditures may be subdivided as follows: ¹

Statement of Post Office Expenditures, 1900, 1905, 1907, 1909

ITEM.	1900.	1905.	1907.	1909.
Service in post offices..	\$51,214,497.73	\$74,109,740.43	\$83,601,334.35	\$102,091,070.61
Railway mail service..	8,839,767.30	13,289,368.41	15,178,374.82	18,356,800.13
Rural delivery service..	420,499.11	20,824,269.44	26,666,889.22	35,586,779.50
Transportation of domestic mail:				
By railroads.....	37,315,724.45	45,040,563.62	49,758,071.01	49,869,374.52
By other means of transportation..	7,794,211.94	11,302,795.22	12,002,580.70	12,156,228.81
Transportation of foreign mail.....	2,155,567.46	2,832,432.11	3,031,038.24	2,943,849.32

It appears, therefore, that the greatest item of expense is that concerning the payment of salaries to postmasters, clerks, and city mail carriers, and other expense of the *service within the post offices*. All of these payments have substantially increased since 1900, and the total increased by ninety-nine per cent. A very large part of the increased deficit is also due to the *rural free delivery service*, the expenditures of which grew from less than \$500,000 to \$35,500,000 during the nine years. It is estimated that the postage on matter mailed on rural routes is about \$7,250,000. Few deny that the advantages resulting from this service outweigh its great expenditures, but its relation to the post office deficit is very evident. Payments for the transportation of domestic mails other than by railways increased by 55.9 per cent and the transportation of foreign mail by 36 per cent. The expenditures of the "railway mail service"—that is, salaries of postal clerks, etc.—increased by 107 per cent.

Railway mail pay at present constitutes but 22.5 per

¹ Annual Report of Postmaster-General (1909), pp. 60-61.

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cent of the total expenditures of the post office, and has, since 1900, increased by 33.6 per cent, or slower than any other leading item of postal expense. The rates of railway mail pay have been materially reduced, and further reductions in the deficit ought to be made by attacks upon the chief causes of annual loss.

The increased expenditures at certain points are not to be condemned. Cheap postal rates are public benefits; and there was justice in granting higher salaries. The expenditures on the Rural Mail Delivery Service, on the Railway Post Office Service, and for the increased salaries of postmasters, clerks, and mail carriers are justifiable. It is the excessive loss on second-class mail matter that is the chief cause of the deficit and should be the chief point of reform.

The Postmaster-General in 1909 recommended a substantial increase in second-class rates.¹ Though recognizing the educational value of periodical publications, he appointed a committee of departmental officers to devise, if possible, "a practical method of reducing, without injury to the public or unfairness to publishers, the enormous losses chargeable to this class of mail." The Postal Commission of Congress, which in 1906 investigated second-class mail matter, likewise emphasized the defects in the present system of second-class rates and reported in favor of their revision.

In 1909 the Postmaster-General also recommended that greater restrictions be placed upon the use of the free mailing privilege, and that the maximum weight limit or postage rates on packages for rural free delivery be revised so as to increase the amount of this mail matter and thus

¹ Annual Report of the Postmaster-General (1909).

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enlarge the revenue resulting from this branch of the postal service. The average load of rural carriers is about twenty-five pounds daily, and this may well be increased so as to utilize their services more fully. Committees of experts, moreover, have been organized to improve the registry and money order service and to decrease the expenditures therefor. The economies accomplished in 1909-10 reduced the deficit over \$10,000,000, and it is expected that further changes can be made that will so increase revenues and decrease expenses as to wipe out the deficit.

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PART VII

THE FEDERAL RAILWAY RATE ACT OF
1910



CHAPTER XLVII

PROVISIONS OF FEDERAL RAILWAY RATE ACT OF 1910

Laws prior to 1910—The Commerce Court—Actions for enforcement of Act are in name of the United States—Interstate Commerce Commission given jurisdiction over interstate telegraph, telephone, and cable lines—Commission given power to suspend proposed rates, and power to establish through routes and rates—The long-and-short-haul clause made stronger—Commission to pass upon increase of rates lowered to meet water competition—Shippers may control routing of freight and may require carriers to state what the rates are—Added measures to prevent rebating—A commission to report on regulation of issue of stocks and bonds—Conditions under which Federal judges may enjoin enforcement of state laws—Other miscellaneous provisions—The provisions omitted from the law.

For a period of nearly a quarter century the Federal Government has exercised an increasing control over the rates and services of railroads. In 1887 the Federal Government enacted the Interstate Commerce Law; in 1897 the Supreme Court applied the Sherman Antitrust Act to railroads; in 1903 the Elkins Antirebating Law was enacted; and in 1906 the Hepburn Rate Act vitally amended the original Interstate Commerce statute. Meanwhile, the various state governments have created railroad commissions and enacted regulating statutes. The state and federal courts have also increased their scope of control.

These measures and methods of control have been pre-

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viously explained and need not be further discussed in this connection.¹ On June 18, 1910, President Taft signed another railroad rate act, the Mann-Elkins act, which changes the Interstate Commerce Law in many important respects. It is a lengthy law² containing eighteen sections, but its leading provisions may be briefly outlined:

1. The Act first provides for the creation of a "Commerce Court," with a fourfold jurisdiction:

First, it has authority over the enforcement of any order of the Interstate Commerce Commission except those involving the payment of money, lengthy provision being made for the enforcement, by the regular courts, of orders for the payment of money.

Second, it has jurisdiction over all "cases brought to enjoin, set aside, annul, or suspend, in whole or in part, any order of the Interstate Commerce Commission. Section 3, however, provides that no order of the commission may be thus set aside or enjoined "otherwise than upon notice and after hearing, except that in cases where irreparable damage would otherwise ensue to the petitioner, said court or judge thereof may on hearing after not less than three days' notice to the Interstate Commerce Commission and the Attorney General, allow a temporary stay or suspension in whole or in part of the order of the Interstate Commerce Commission for not more than sixty days from the date of his order, pending application to the court for its order or injunction, in which case the said order shall contain a specific finding, based upon evidence sub-

¹ E. R. Johnson, "American Railway Transportation," Part IV, "The Railways and the State"; G. G. Huebner, "Five Years of Railroad Regulation by the States," in *Annals of the American Academy of Political and Social Science*, vol. xxxii, pp. 138-156, July, 1908.

² The law is reproduced *in extenso* in Appendix I of this volume.

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mitted to the judge making the order and identified by reference thereto, that such irreparable damage would result to the petitioner and specifying the nature of the damage.”

Third, the Commerce Court has jurisdiction over all cases of rebating brought under Section 3 of the Elkins law; and,

Fourth, over all mandamus proceedings arising under Sections 20 or 23 of the Interstate Commerce Law. These sections conferred upon the circuit and district courts of the United States the right to issue a mandamus to compel compliance with the provisions of the act, and to compel the movement of interstate traffic for any shipper, or the furnishing of cars, or other facilities upon terms as favorable as those given to any other shipper.

The Commerce Court has the jurisdiction formerly exercised by circuit courts over the above-mentioned cases. At the beginning the President is to appoint five additional circuit judges for terms of from one to five years, and thereafter the Commerce Court is to consist of five judges from the circuit courts, assigned to it from time to time by the Chief Justice of the United States. Its chief purposes are to expedite court review of cases appealed from the commission, to constitute a body of judges who will become expert in matters involving railroad rates and services, and to avoid conflicting decisions and uncertainties of legal interpretation. The President stated it to be of “supreme importance that the decision of such questions shall be as speedy as the nature of the circumstances will admit, and that a uniformity of decision be secured so as to bring about an effective, systematic, and scientific enforcement of the commerce law,

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rather than conflicting decisions and uncertainty of final result.”¹ Its jurisdiction is exclusive in that no district or circuit courts may try the kind of cases assigned to it; but appeals may be made to the Supreme Court of the United States within sixty days after judgment has been passed. An injunction of the Commerce Court restraining the enforcement of an order of the commission may also be appealed to the Supreme Court within thirty days, and all such cases have priority in the Supreme Court over all others except criminal cases.

2. The second general feature of the Rate Act of 1910 is that any of the above-named cases brought before the Commerce Court or the Supreme Court are, according to Sections 4 and 5, brought by or against the United States, and are in charge of the Attorney General of the United States. The commission may still be represented by its counsel as a party to a suit, but the cases are not, as formerly, brought against the commission. The interests of the Government are in charge of the regular Department of Justice instead of the commission's counsel. The commission itself previously initiated and defended litigation in the courts, and “this blending of administrative, legislative, and judicial functions,” in the opinion of the President,² tended “to impair the efficiency of the commission by clothing it with partisan characteristics, and robbing it of the impartial judicial attitude it should occupy in passing upon questions submitted to it.”

3. By Section 7 the scope of the commission's jurisdiction is widened so as to include telegraph, telephone, and cable companies. All unjust and unreasonable charges are

¹ Special Message of the President of the United States, Jan. 7, 1910, p. 4.

² *Ibid.*, pp. 5-6.

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declared to be unlawful, but it is especially stipulated that they may classify their messages into "day, night, repeated, unpeated, letter, commercial, press, government, and such other classes as are just and reasonable, and different rates may be charged for the different classes of messages."

4. The commission's powers over rates and fares is materially increased. Section 11 empowers the commission to begin proceedings and to fix maximum rates upon its own initiative. Formerly it could correct rates only upon complaint. Section 12 empowers it to establish classifications either upon complaint or its own initiative. This section also grants to it the important power of suspending proposed rates pending inquiry. Any new rates, fares, or classifications filed with the commission may be suspended by it for a period of 120 days, hearings held regarding their propriety, and the proposals annulled if found unreasonable. If the commission cannot conclude its hearings within the time stated it may extend the time of suspension for a period not exceeding six months. In all such proceedings the burden of proof rests upon the carrier proposing the increase. Section 9 grants the commission specific power to reject any tariff or schedule tendered for filing which does not "provide and give lawful notice of its effective date."

5. The commission's powers over through rates and routes is in various ways increased. Sweeping, though somewhat indefinite, provisions are contained in Section 7 as to the interchange of cars and the establishment of through routes. Carriers are required "to provide reasonable facilities for operating such through routes, and to make reasonable rules and regulations with respect to the exchange, interchange, and return of cars used therein, and

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for operation of such through routes and providing for reasonable compensation to those entitled thereto." Section 12, moreover, gives the commission power to establish new through routes and joint rates and classifications even though a satisfactory through route already exists. It cannot, however, establish a through route, or joint rate and classification between a steam railroad and an electric line not regularly engaged in freight transportation, nor can it do so when the shipment is wholly by water; and it cannot compel a railroad to establish a through route shorter than its own line unless its length is unreasonable as compared with other available routes. Section 8 specifies that no through rate or fare may exceed the sum of the component local rates or fares. However, in order to prevent state governments from practically fixing interstate through rates by making local rates, this provision is subject to exception upon complaint to the commission. The Hepburn Act, as construed by the Supreme Court, made lateral connections obligatory only upon complaint by the shipper, but Section 7 of the present act specifically states that they are hereafter obligatory also upon complaint of the lateral line.

6. The commission is given specific power to issue orders as regards any "conditions or practices whatsoever" of carriers within the scope of the act when "unjust, or unreasonable, or unjustly discriminatory, or otherwise in violation of any provisions of this act." Section 12 in this way definitely establishes the administrative powers of the commission which were formerly disputed.

7. Section 8, by striking out of the original Interstate Commerce Law the words "under substantially similar circumstances and conditions," gives the long-and-short-haul clause real force. It is now "unlawful for any carrier

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subject to the provisions of this act to charge, or receive any greater compensation in the aggregate for the transportation of passengers, or of like kind of property, for a shorter than for a longer distance over the same line *or route* in the same direction, the shorter being included within the longer distance." This clause, if enforced, will exert a widespread influence over southern and trans-continental freight rates.

8. The same section prohibits the increase of rates that have been reduced to meet water competition, unless the commission after hearing finds that the "proposed increase rests upon conditions other than the elimination of water competition." This provision will probably be of importance to the future development of transportation upon inland waterways in the United States.

9. Section 12 of the new rate act gives to shippers the control of routing freight, "subject to such reasonable exceptions and regulations as the Interstate Commerce Commission shall from time to time prescribe."

10. Section 9 compels the carriers to furnish a statement of rates to shippers upon written request. The name of the proper agent must be posted in every station, and failure to furnish a correct statement within a reasonable time makes the carrier liable to a fine of \$250. The purpose of this provision is to increase the publicity of rates, and facilitate the business of the shipper. Tariffs, though available to the shipper, are frequently so complex that only an expert can quote the correct rate.

11. Section 10 amends the antirebating clause by outlining in greater detail unlawful ways of obtaining special rates. Any shipper who employs a device whereby the payment to the carrier "shall in fact be made less than the regular rates then established and in force on the line

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of transportation, shall be deemed guilty of fraud." The penalties of fine and imprisonment and the liability of both shipper and carrier remain unchanged. An allied provision is the portion of Section 12 which prohibits carriers from disclosing the business secrets of shippers or consignees. For every such offense the carrier becomes liable to a maximum fine of \$1,000.

12. Under Section 17 the President is authorized to appoint a special commission to investigate, and report as to, the regulation of capitalization. This provision was inserted in lieu of proposed sections of the act that would have given to the Interstate Commerce Commission control over stock and bond issues.

13. Section 14 specifies that no injunction prohibiting an officer of a state from enforcing a state statute may be issued by a federal court unless the application is heard and determined by three judges, at least one of whom is a justice of the Supreme Court or a circuit judge. In case of irreparable injury a temporary injunction may be issued by a justice of the Supreme Court or a district or circuit judge, but it is to remain in effect only until application for the interlocutory injunction has been heard and determined by the three judges.

14. Lastly, the work of the commission is facilitated in various miscellaneous ways. Its authority to require reports is increased by empowering it to substitute December 31st for June 30th as the end of the statistical year if it desires, and to require not only monthly reports of earnings and expenses, but "periodical and special reports concerning any matters about which the commission is authorized or required by this or any other law to inquire or to keep itself informed or which it is required to enforce."

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Section 13 defines how suits may be brought to enforce the commission's orders. Orders for the payment of money may be enforced through the regular federal courts, or in state courts; and suits on orders not for the payment of money are to be brought in the Commerce Court. Section 6 requires all carriers subject to the act to designate an agent in Washington upon whom services of all notices and processes may be made in proceedings before the commission or the Commerce Court. Section 7 further specifies the classes of individuals who may receive free passes.

Some of the leading provisions of the bill as proposed by the Administration were not accepted by Congress. President Taft recommended the amendment of the Sherman Antitrust Act so as to permit rate agreements, but the provision was rejected and rate making theoretically continues to rest upon competition. The original bill also prohibited the issue of capital stock at less than par, and of bonds at less than par, or, if so, at less than the market value of such bonds as determined by the commission, and the issue of any securities in case of reorganization without approval of the commission. Instead of this a special investigating commission was authorized. It likewise prohibited the acquisition of competing lines or a stock interest in them, except in cases where the acquiring line already owned fifty per cent of the stock of the competing lines. Some of the leading provisions proposed in Congress, but likewise rejected, were those aiming to empower the commission to fix minimum rates in case of water competition, to permit the shipper to recover damages in case a rate is misquoted, to have the commission make a physical valuation of all interstate railroads, drastic regulation of capitalization, prevention of all rate increases

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without investigation and approval by the commission, and an amended commodities clause.

Some of the most radical features of the proposed railway rate bills were rejected, as were some of those earnestly sought by the Administration. But the law as finally enacted very materially increased the powers of the Interstate Commerce Commission, created a new body—the Commerce Court—and enlarged the scope of the Interstate Commerce Act.

APPENDICES

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THE FEDERAL RAILWAY RATE ACT OF JUNE 18, 1910

An Act To create a commerce court, and to amend the Act entitled "An Act to regulate commerce," approved February fourth, eighteen hundred and eighty-seven, as heretofore amended, and for other purposes.

THE COMMERCE COURT: ITS DUTIES AND POWERS

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That a court of the United States is hereby created which shall be known as the commerce court and shall have the jurisdiction now possessed by circuit courts of the United States and the judges thereof over all cases of the following kinds:

First. All cases for the enforcement, otherwise than by adjudication and collection of a forfeiture or penalty or by infliction of criminal punishment, of any order of the Interstate Commerce Commission other than for the payment of money.

Second. Cases brought to enjoin, set aside, annul, or suspend in whole or in part any order of the Interstate Commerce Commission.

Third. Such cases as by section three of the Act entitled "An Act to further regulate commerce with foreign nations and among the States," approved February nineteenth, nineteen hundred and three, are authorized to be maintained in a circuit court of the United States.

Fourth. All such mandamus proceedings as under the provisions of section twenty or section twenty-three of the Act entitled "An Act to regulate commerce," approved February fourth, eighteen hundred and eighty-seven, as amended, are

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authorized to be maintained in a circuit court of the United States.

Nothing contained in this Act shall be construed as enlarging the jurisdiction now possessed by the circuit courts of the United States or the judges thereof, that is hereby transferred to and vested in the commerce court.

The jurisdiction of the commerce court over cases of the foregoing classes shall be exclusive; but this Act shall not affect the jurisdiction now possessed by any circuit or district court of the United States over cases or proceedings of a kind not within the above-enumerated classes.

The commerce court shall be a court of record, and shall have a seal of such form and style as the court may prescribe. The said court shall be composed of five judges, to be from time to time designated and assigned thereto by the Chief Justice of the United States, from among the circuit judges of the United States, for the period of five years, except that in the first instance the court shall be composed of the five additional circuit judges to be appointed as hereinafter provided, who shall be designated by the President to serve for one, two, three, four, and five years, respectively, in order that the period of designation of one of the said judges shall expire in each year thereafter. In case of the death, resignation, or termination of assignment of any judge so designated, the Chief Justice shall designate a circuit judge to fill the vacancy so caused and to serve during the unexpired period for which the original designation was made. After the year nineteen hundred and fourteen no circuit judge shall be redesignated to serve in the commerce court until the expiration of at least one year after the expiration of the period of his last previous designation. The judge first designated for the five-year period shall be the presiding judge of said court, and thereafter the judge senior in designation shall be the presiding judge.

Each of the judges during the period of his service in the commerce court shall, on account of the regular sessions of the court being held in the city of Washington, receive in addition to his salary as circuit judge in expense allowance at the rate of one thousand five hundred dollars per annum.

The President shall, by and with the advice and consent of

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the Senate, appoint five additional circuit judges no two of whom shall be from the same judicial circuit, who shall hold office during good behavior and who shall be from time to time designated and assigned by the Chief Justice of the United States for service in the circuit court of any district, or the circuit court of appeals for any circuit, or in the commerce court.

The associate judges shall have precedence and shall succeed to the place and powers of the presiding judge whenever he may be absent or incapable of acting in the order of the date of their designations. Four of said judges shall constitute a quorum, and at least a majority of the court shall concur in all decisions.

The court shall also have a clerk and a marshal, with the same duties and powers, so far as they may be appropriate and are not altered by rule of the court, as are now possessed by the clerk and marshal, respectively, of the Supreme Court of the United States. The offices of the clerk and marshal of the court shall be in the city of Washington, in the District of Columbia. The judges of the court shall appoint the clerk and marshal, and may also appoint, if they find it necessary, a deputy clerk and deputy marshal; and such clerk, marshal, deputy clerk, and deputy marshal shall hold office during the pleasure of the court. The salary of the clerk shall be four thousand dollars per annum; the salary of the marshal three thousand dollars per annum; the salary of the deputy clerk two thousand five hundred dollars per annum; and the salary of the deputy marshal two thousand five hundred dollars per annum. The said clerk and marshal may, with the approval of the court, employ all requisite assistance. The costs and fees in said court shall be established by the court in a table thereof, approved by the Supreme Court of the United States, within four months after the organization of the court; but such costs and fees shall in no case exceed those charged in the Supreme Court of the United States, and shall be accounted for and paid into the Treasury of the United States.

The commerce court shall be always open for the transaction of business. Its regular sessions shall be held in the city of Washington, in the District of Columbia; but the powers of the

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court or of any judge thereof, or of the clerk, marshal, deputy clerk, or deputy marshal may be exercised anywhere in the United States; and for expedition of the work of the court and the avoidance of undue expense or inconvenience to suitors the court shall hold sessions in different parts of the United States as may be found desirable. The actual and necessary expenses of the judges, clerk, marshal, deputy clerk, and deputy marshal of the court incurred for travel and attendance elsewhere than in the city of Washington shall be paid upon the written and itemized certificate of such judge, clerk, marshal, deputy clerk, or deputy marshal by the marshal of the court, and shall be allowed to him in the statement of his accounts with the United States.

The United States marshals of the several districts outside of the city of Washington in which the commerce court may hold its sessions shall provide, under the direction and with the approval of the Attorney-General of the United States, such rooms in the public buildings of the United States as may be necessary for the court's use; but in case proper rooms can not be provided in such public buildings, said marshals, with the approval of the Attorney-General of the United States, may then lease from time to time other necessary rooms for the court.

If, at any time, the business of the commerce court does not require the services of all the judges, the Chief Justice of the United States may, by writing, signed by him and filed in the Department of Justice, terminate the assignment of any of the judges or temporarily assign him for service in any circuit court or circuit court of appeals. In case of illness or other disability of any judge assigned to the commerce court the Chief Justice of the United States may assign any other circuit judge of the United States to act in his place, and may terminate such assignment when the exigence therefor shall cease; and any circuit judge so assigned to act in place of such judge shall, during his assignment, exercise all the powers and perform all the functions of such judge.

In all cases within its jurisdiction the commerce court, and each of the judges assigned thereto, shall, respectively, have and may exercise any and all of the powers of a circuit court

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of the United States and of the judges of said court, respectively, so far as the same may be appropriate to the effective exercise of the jurisdiction hereby conferred. The commerce court may issue all writs and process appropriate to the full exercise of its jurisdiction and powers and may prescribe the form thereof. It may also, from time to time, establish such rules and regulations concerning pleading, practice, or procedure in cases or matters within its jurisdiction as to the court shall seem wise and proper. Its orders, writs, and process may run, be served, and be returnable anywhere in the United States; and the marshal and deputy marshal of said court and also the United States marshals and deputy marshals in the several districts of the United States shall have like powers and be under like duties to act for and in behalf of said court as pertain to United States marshals and deputy marshals generally when acting under like conditions concerning suits or matters in the circuits of the United States.

The jurisdiction of the commerce court shall be invoked by filing in the office of the clerk of the court a written petition setting forth briefly and succinctly the facts constituting the petitioner's cause of action, and specifying the relief sought. A copy of such petition shall be forthwith served by the marshal or a deputy marshal of the commerce court or by the proper United States marshal or deputy marshal upon every defendant therein named, and when the United States is a party defendant, the service shall be made by filing a copy of said petition in the office of the Secretary of the Interstate Commerce Commission and in the Department of Justice. Within thirty days after the petition is served, unless that time is extended by order of the court or a judge thereof, an answer to the petition shall be filed in the clerk's office, and a copy thereof mailed to the petitioner's attorney, which answer shall briefly and categorically respond to the allegations of the petition. No replication need be filed to the answer, and objections to the sufficiency of the petition or answer as not setting forth a cause of action or defense must be taken at the final hearing or by motion to dismiss the petition based on said grounds, which motion may be made at any time before answer is filed. In case no answer shall be filed as provided herein the petitioner may apply to the court

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on notice for such relief as may be proper upon the facts alleged in the petition. The court may, by rule, prescribe the method of taking evidence in cases pending in said court; and may prescribe that the evidence be taken before a single judge of the court, with power to rule upon the admission of evidence. Except as may be otherwise provided in this Act, or by rule of the court, the practice and procedure in the commerce court shall conform as nearly as may be to that in like cases in a circuit court of the United States.

The commerce court shall be opened for the transaction of business at a date to be fixed by order of the said court, which shall be not later than thirty days after the judges thereof shall have been designated.

APPEALS TO SUPREME COURT

SEC. 2. That a final judgment or decree of the commerce court may be reviewed by the Supreme Court of the United States if appeal to the Supreme Court be taken by an aggrieved party within sixty days after the entry of said final judgment or decree. Such appeal may be taken in like manner as appeals from a circuit court of the United States to the Supreme Court, and the commerce court may direct the original record to be transmitted on appeal instead of a transcript thereof. The Supreme Court may affirm, reverse, or modify the final judgment or decree of the commerce court as the case may require.

Appeal to the Supreme Court, however, shall in no case supersede or stay the judgment or decree of the commerce court appealed from, unless the Supreme Court or a justice thereof shall so direct, and appellant shall give bond in such form and of such amount as the Supreme Court, or the justice of that court allowing the stay, may require.

An appeal may also be taken to the Supreme Court of the United States from an interlocutory order or decree of the commerce court granting or continuing an injunction restraining the enforcement of an order of the Interstate Commerce Commission, provided such appeal be taken within thirty days from the entry of such order or decree.

Appeals to the Supreme Court under this section shall have

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priority in hearing and determination over all other causes except criminal causes in that court.

PROCEEDINGS TO ENJOIN COMMISSION ORDERS

SEC. 3. That suits to enjoin, set aside, annul, or suspend any order of the Interstate Commerce Commission shall be brought in the commerce court against the United States. The pendency of such suit shall not of itself stay or suspend the operation of the order of the Interstate Commerce Commission; but the commerce court, in its discretion, may restrain or suspend, in whole or in part, the operation of the commission's order pending the final hearing and determination of the suit. No order or injunction so restraining or suspending an order of the Interstate Commerce Commission shall be made by the commerce court otherwise than upon notice and after hearing, except that in cases where irreparable damage would otherwise ensue to the petitioner, said court, or a judge thereof may, on hearing after not less than three days' notice to the Interstate Commerce Commission and the Attorney-General, allow a temporary stay or suspension in whole or in part of the operation of the order of the Interstate Commerce Commission for not more than sixty days from the date of the order of such court or judge, pending application to the court for its order or injunction, in which case the said order shall contain a specific finding, based upon evidence submitted to the judge making the order and identified by reference thereto, that such irreparable damage would result to the petitioner and specifying the nature of the damage. The court may, at the time of hearing such application, upon a like finding, continue the temporary stay or suspension in whole or in part until its decision upon the application.

ATTORNEY-GENERAL TO DEFEND SUITS

SEC. 4. That all cases and proceedings in the commerce court which but for this Act would be brought by or against the Interstate Commerce Commission shall be brought by or against the United States, and the United States may intervene

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in any case or proceeding in the commerce court whenever, though it has not been made a party, public interests are involved.

SEC. 5. That the Attorney-General shall have charge and control of the interests of the Government in all cases and proceedings in the commerce court, and in the Supreme Court of the United States upon appeal from the commerce court; and if in his opinion the public interest requires it, he may retain and employ in the name of the United States, within the appropriations from time to time made by the Congress for such purposes, such special attorneys and counselors at law as he may think necessary to assist in the discharge of any of the duties incumbent upon him and his subordinate attorneys; and the Attorney-General shall stipulate with such special attorneys and counsel the amount of their compensation, which shall not be in excess of the sums appropriated therefor by Congress for such purposes, and shall have supervision of their action: *Provided*, That the Interstate Commerce Commission and any party or parties in interest to the proceeding before the commission, in which an order or requirement is made, may appear as parties thereto or their own motion and as of right, and be represented by their counsel, in any suit wherein is involved the validity of such order or requirement or any part thereof, and the interest of such party; and the court wherein is pending such suit may make all such rules and orders as to such appearances and representations, the number of counsel, and all matters of procedure, and otherwise, as to subserve the ends of justice and speed the determination of such suits: *Provided further*, That communities, associations, corporations, firms, and individuals who are interested in the controversy or question before the Interstate Commerce Commission, or in any suit which may be brought by any one under the terms of this Act, or the Acts of which it is amendatory or which are amendatory of it, relating to action of the Interstate Commerce Commission, may intervene in said suit or proceedings at any time after the institution thereof, and the Attorney-General shall not dispose of or discontinue said suit or proceeding over the objection of such party or intervenor aforesaid, but said intervenor or intervenors may prosecute, defend, or continue said suit or proceeding un-

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affected by the action or nonaction of the Attorney-General of the United States therein.

Complainants before the Interstate Commerce Commission interested in a case shall have the right to appear and be made parties to the case and be represented before the courts by counsel under such regulations as are now permitted in similar circumstances under the rules and practice of equity courts of the United States.

SEC. 6. That until the opening of the commerce court as in section one hereof provided, all cases and proceedings of which from that time the commerce court is hereby given exclusive jurisdiction may be brought in the same courts and conducted in like manner and with like effect as is now provided by law; and if any such case or proceeding shall have gone to final judgment or decree before the opening of the commerce court, appeal may be taken from such final judgment or decree in like manner and with like effect as is now provided by law. Any such case or proceeding within the jurisdiction of the commerce court which may have been begun in any other court as hereby allowed before the said date shall be forthwith transferred to the commerce court, if it has not yet proceeded to final judgment or decree in such other court unless it has been finally submitted for the decision of such court, in which case the cause shall proceed in such court to final judgment or decree and further proceeding thereafter, and appeal may be taken direct to the Supreme Court, and if remanded such cause may be sent back to the court from which the appeal was taken or to the commerce court for further proceeding as the Supreme Court shall direct; and all previous proceedings in such transferred case shall stand and operate notwithstanding the transfer, subject to the same control over them by the commerce court and to the same right of subsequent action in the case or proceeding as if the transferred case or proceeding had been originally begun in the commerce court. The clerk of the court from which any case or proceeding is so transferred to the commerce court shall transmit to and file in the commerce court the originals of all papers filed in such case or proceeding and a certified transcript of all record entries in the case or proceeding up to the time of transfer.

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It shall be the duty of every common carrier subject to the provisions of this Act, within sixty days after the taking effect of this Act, to designate in writing an agent in the city of Washington, District of Columbia, upon whom service of all notices and processes may be made for and on behalf of said common carrier in any proceeding or suit pending before the Interstate Commerce Commission or before said commerce court, and to file such designation in the office of the secretary of the Interstate Commerce Commission, which designation may from time to time be changed by like writing similarly filed; and thereupon service of all notices and processes may be made upon such common carrier by leaving a copy thereof with such designated agent at his office or usual place of residence in the city of Washington, with like effect as if made personally upon such common carrier, and in default of such designation of such agent, service of any notice or other process in any proceeding before said Interstate Commerce Commission or commerce court may be made by posting such notice or process in the office of the secretary of the Interstate Commerce Commission.

EXTENSION OF THE JURISDICTION OF INTERSTATE COMMERCE COMMISSION

SEC. 7. That section one of the Act entitled "An Act to regulate commerce," approved February fourth, eighteen hundred eighty-seven, as heretofore amended, is hereby now amended so as to read as follows:

"SECTION 1. That the provisions of this Act shall apply to any corporation or any person or persons engaged in the transportation of oil or other commodity, except water and except natural or artificial gas, by means of pipe lines, or partly by pipe lines and partly by railroad, or partly by pipe lines and partly by water, and to telegraph, telephone, and cable companies (whether wire or wireless) engaged in sending messages from one State, Territory, or District of the United States, to any other State, Territory, or District of the United States, or to any foreign country, who shall be considered and held to be common carriers within the meaning and purpose of this Act,

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and to any common carrier or carriers engaged in the transportation of passengers or property wholly by railroad (or partly by railroad and partly by water when both are used under a common control, management, or arrangement for a continuous carriage or shipment), from one State or Territory of the United States or the District of Columbia, to any other State or Territory of the United States or the District of Columbia, or from one place in a Territory to another place in the same Territory, or from any place in the United States to an adjacent foreign country, or from any place in the United States through a foreign country to any other place in the United States, and also to the transportation in like manner of property shipped from any place in the United States to a foreign country and carried from such place to a port of transshipment, or shipped from a foreign country to any place in the United States and carried to such place from a port of entry either in the United States or an adjacent foreign country: *Provided, however,* That the provisions of this Act shall not apply to the transportation of passengers or property, or to the receiving, delivering, storage, or handling of property wholly within one State and not shipped to or from a foreign country from or to any State or Territory as aforesaid, nor shall they apply to the transmission of messages by telephone, telegraph, or cable wholly within one State and not transmitted to or from a foreign country from or to any State or Territory as aforesaid.

Common Carriers Defined

“The term ‘common carrier’ as used in this Act shall include express companies and sleeping car companies. The term ‘railroad’ as used in this Act shall include all bridges and ferries used or operated in connection with any railroad, and also all the road in use by any corporation operating a railroad, whether owned or operated under a contract, agreement, or lease, and shall also include all switches, spurs, tracks, and terminal facilities of every kind used or necessary in the transportation of the persons or property designated herein, and also all freight depots, yards, and grounds used or necessary in the transportation or delivery of any of said property; and the term ‘transportation’ shall include cars and other vehicles and

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all instrumentalities and facilities of shipment or carriage, irrespective of ownership or of any contract, express or implied, for the use thereof and all services in connection with the receipt, delivery, elevation, and transfer in transit, ventilation, refrigeration or icing, storage, and handling of property transported; and it shall be the duty of every carrier subject to the provisions of this Act to provide and furnish such transportation upon reasonable request therefor, and to establish through routes and just and reasonable rates applicable thereto; and to provide reasonable facilities for operating such through routes and to make reasonable rules and regulations with respect to the exchange, interchange, and return of cars used therein, and for the operation of such through routes, and providing for reasonable compensation to those entitled thereto.

"Just and Reasonable" Charges

"All charges made for any service rendered or to be rendered in the transportation of passengers or property and for the transmission of messages by telegraph, telephone, or cable, as aforesaid, or in connection therewith, shall be just and reasonable; and every unjust and unreasonable charge for such service or any part thereof is prohibited and declared to be unlawful: *Provided*, That messages by telegraph, telephone, or cable, subject to the provisions of this Act, may be classified into day, night, repeated, unrepeated, letter, commercial, press, Government, and such other classes as are just and reasonable, and different rates may be charged for the different classes of messages: *And provided further*, That nothing in this Act shall be construed to prevent telephone, telegraph, and cable companies from entering into contracts with common carriers, for the exchange of services.

"And it is hereby made the duty of all common carriers subject to the provisions of this Act to establish, observe, and enforce just and reasonable classifications of property for transportation, with reference to which rates, tariffs, regulations, or practices are or may be made or prescribed, and just and reasonable regulations and practices affecting classifications, rates, or tariffs, the issuance, form, and substance of tickets, receipts, and bills of lading, the manner and method of presenting, mark-

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ing, packing, and delivering property for transportation, the facilities for transportation, the carrying of personal, sample, and excess baggage, and all other matters relating to or connected with the receiving, handling, transporting, storing, and delivery of property subject to the provisions of this Act which may be necessary or proper to secure the safe and prompt receipt, handling, transportation, and delivery of property subject to the provisions of this Act upon just and reasonable terms, and every such unjust and unreasonable classification, regulation, and practice with reference to commerce between the States and with foreign countries is prohibited and declared to be unlawful.

Passes and Franks Prohibited

“No common carrier subject to the provisions of this Act shall, after January first, nineteen hundred and seven, directly or indirectly, issue or give any interstate free ticket, free pass, or free transportation for passengers, except to its employees and their families, its officers, agents, surgeons, physicians, and attorneys at law; to ministers of religion, traveling secretaries of railroad Young Men’s Christian Associations, inmates of hospitals and charitable and eleemosynary institutions, and persons exclusively engaged in charitable and eleemosynary work; to indigent, destitute, and homeless persons, and to such persons when transported by charitable societies or hospitals, and the necessary agents employed in such transportation; to inmates of the National Homes or State Homes for Disabled Volunteer Soldiers, and of Soldiers’ and Sailors’ Homes, including those about to enter and those returning home after discharge; to necessary care takers of live stock, poultry, milk, and fruit; to employees on sleeping cars, express cars, and to linemen of telegraph and telephone companies; to Railway Mail Service employees, post-office inspectors, customs inspectors, and immigration inspectors; to newsboys on trains, baggage agents, witnesses attending any legal investigation in which the common carrier is interested, persons injured in wrecks and physicians and nurse attending such persons: *Provided*, That this provision shall not be construed to prohibit the interchange of passes for the officers, agents, and employees of common car-

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riers, and their families; nor to prohibit any common carrier from carrying passengers free with the object of providing relief in cases of general epidemic, pestilence, or other calamitous visitation: *And provided further*, That this provision shall not be construed to prohibit the privilege of passes or franks, or the exchange thereof with each other, for the officers, agents, employees, and their families of such telegraph, telephone and cable lines, and the officers, agents, employees and their families of other common carriers subject to the provisions of this Act: *Provided further*, That the term 'employees' as used in this paragraph shall include furloughed, pensioned, and superannuated employees, persons who have become disabled or infirm in the service of any such common carrier, and the remains of a person killed in the employment of a carrier and ex-employees traveling for the purpose of entering the service of any such common carrier; and the term 'families' as used in this paragraph shall include the families of those persons named in this proviso, also the families of persons killed, and the widows during widowhood and minor children during minority of persons who died, while in the service of any such common carrier. Any common carrier violating this provision shall be deemed guilty of a misdemeanor, and for each offense, on conviction, shall pay to the United States a penalty of not less than one hundred dollars nor more than two thousand dollars, and any person, other than the persons excepted in this provision, whose uses any such interstate free ticket, free pass, or free transportation shall be subject to a like penalty. Jurisdiction of offenses under this provision shall be the same as that provided for offenses in an Act entitled 'An Act to further regulate commerce with foreign nations and among the States,' approved February nineteenth, nineteen hundred and three, and any amendment thereof.

"From and after May first, nineteen hundred and eight, it shall be unlawful for any railroad company to transport from any State, Territory, or the District of Columbia, to any other State, Territory, or the District of Columbia, or to any foreign country, any article or commodity, other than timber and the manufactured products thereof, manufactured, mined, or produced by it, or under its authority, or which it may own in

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whole or in part, or in which it may have any interest, direct or indirect, except such articles or commodities as may be necessary and intended for its use in the conduct of its business as a common carrier.

Lateral Connections Made Obligatory

“Any common carrier subject to the provisions of this Act, upon application of any lateral, branch line of railroad, or of any shipper tendering interstate traffic for transportation, shall construct, maintain, and operate upon reasonable terms a switch connection with any such lateral, branch line of railroad, or private side track which may be constructed to connect with its railroad, where such connection is reasonably practicable and can be put in with safety and will furnish sufficient business to justify the construction and maintenance of the same; and shall furnish cars for the movement of such traffic to the best of its ability without discrimination in favor of or against any such shipper. If any common carrier shall fail to install and operate any such switch or connection as aforesaid, on application therefor in writing by any shipper or owner of such lateral, branch line of railroad, such shipper or owner of such lateral, branch line of railroad may make complaint to the commission, as provided in section thirteen of this Act, and the commission shall hear and investigate the same and shall determine as to the safety and practicability thereof and justification and reasonable compensation therefor, and the commission may make an order, as provided in section fifteen of this Act, directing the common carrier to comply with the provisions of this section in accordance with such order, and such order shall be enforced as hereinafter provided for the enforcement of all other orders by the commission, other than orders for the payment of money.”

LONG-AND-SHORT-HAUL CLAUSE IN NEW FORM

SEC. 8. That section four of said Act to regulate commerce be amended so as to read as follows:

“SEC. 4. That it shall be unlawful for any common carrier subject to the provisions of this Act to charge or receive

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any greater compensation in the aggregate for the transportation of passengers, or of like kind of property, for a shorter than for a longer distance over the same line or route in the same direction, the shorter being included within the long distance, or to charge any greater compensation as a through route than the aggregate of the intermediate rates subject to the provisions of this Act; but this shall not be construed as authorizing any common carrier within the terms of this Act to charge or receive as great compensation for a shorter as for a longer distance: *Provided, however,* That upon application to the Interstate Commerce Commission such common carrier may in special cases, after investigation, be authorized by the commission to charge less for longer than for shorter distances for the transportation of passengers or property; and the commission may from time to time prescribe the extent to which such designated common carrier may be relieved from the operation of this section: *Provided further,* That no rates or charges lawfully existing at the time of the passage of this amendatory Act shall be required to be changed by reason of the provisions of this section prior to the expiration of six months after the passage of this Act, nor in any case where application shall have been filed before the commission, in accordance with the provisions of this section, until a determination of such application by the commission.

“Whenever a carrier by railroad shall in competition with a water route or routes reduce the rates on the carriage of any species of freight to or from competitive points, it shall not be permitted to increase such rates unless after hearing by the Interstate Commerce Commission it shall be found that such proposed increase rests upon changed conditions other than the elimination of water competition.”

REJECTION BY THE COMMISSION OF TARIFFS IMPROPERLY FILED

SEC. 9. That section six of said Act to regulate commerce, as heretofore amended, is hereby now amended by adding four new paragraphs at the end thereof, as follows:

“The commission may reject and refuse to file any schedule that is tendered for filing which does not provide and give law-

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ful notice of its effective date, and any schedule so rejected by the commission shall be void and its use shall be unlawful.

“In case of failure or refusal on the part of any carrier, receiver, or trustee to comply with the terms of any regulation adopted and promulgated or any order made by the commission under the provisions of this section, such carrier, receiver, or trustee shall be liable to a penalty of five hundred dollars for each such offense, and twenty-five dollars for each and every day of the continuance of such offense, which shall accrue to the United States and may be recovered in a civil action brought by the United States.

WRITTEN STATEMENT OF RATES TO BE FURNISHED SHIPPERS ON APPLICATION

“If any common carrier subject to the provisions of this Act, after written request made upon the agent of such carrier hereinafter in this section referred to, by any person or company for a written statement of the rate or charge applicable to a described shipment between stated places under the schedules or tariffs to which such carrier is a party, shall refuse or omit to give such written statement within a reasonable time, or shall misstate in writing the applicable rate, and if the person or company making such request suffers damage in consequence of such refusal or omission or in consequence of the misstatement of the rate, either through making the shipment over a line or route for which the proper rate is higher than the rate over another available line or route, or through entering into any sale or other contract whereunder such person or company obligates himself or itself to make such shipment of freight at his or its cost, then the said carrier shall be liable to a penalty of two hundred and fifty dollars, which shall accrue to the United States and may be recovered in a civil action brought by the United States.

“It shall be the duty of every carrier by railroad to keep at all times conspicuously posted in every station where freight is received for transportation the name of an agent resident in the city, village, or town where such station is located, to whom application may be made for the information by this section

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required to be furnished on written request; and in case any carrier shall fail at any time to have such name so posted in any station, it shall be sufficient to address such request in substantially the following form: 'The Station Agent of the ——— Company at ——— Station,' together with the name of the proper post-office, inserting the name of the carrier company and of the station in the blanks, and to serve the same by depositing the request so addressed, with postage thereon prepaid, in any post-office."

STRINGENT PROVISIONS AGAINST REBATING

SEC. 10. That section ten of said Act to regulate commerce, as heretofore amended, be now amended so as to read as follows:

"SEC. 10. That any common carrier subject to the provisions of this Act, or, whenever such common carrier is a corporation, any director or officer thereof, or any receiver, trustee, lessee, agent, or person acting for or employed by such corporation, who, alone or with any other corporation, company, person, or party, shall willfully do or cause to be done, or shall willingly suffer or permit to be done, any act, matter, or thing in this Act prohibited or declared to be unlawful, or who shall aid or abet therein, or shall willfully omit or fail to do any act, matter, or thing in this Act required to be done, or shall cause or willingly suffer or permit any act, matter, or thing so directed or required by this Act to be done not to be so done, or shall aid or abet any such omission or failure, or shall be guilty of any infraction of this Act for which no penalty is otherwise provided, or who shall aid or abet therein, shall be deemed guilty of a misdemeanor, and shall, upon conviction thereof in any district court of the United States within the jurisdiction of which such offense was committed, be subject to a fine of not to exceed five thousand dollars for each offense: *Provided*, That if the offense for which any person shall be convicted as aforesaid shall be an unlawful discrimination in rates, fares, or charges for the transportation of passengers or property, such person shall, in addition to the fine hereinbefore provided for, be liable to imprisonment in the penitentiary for a

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term of not exceeding two years, or both such fine and imprisonment, in the discretion of the court.

“Any common carrier subject to the provisions of this Act, or, whenever such common carrier is a corporation, any officer or agent thereof, or any person acting for or employed by such corporation, who, by means of false billing, false classification, false weighing, or false report of weight, or by any other device or means, shall knowingly and willfully assist, or shall willingly suffer or permit, any person or persons to obtain transportation for property at less than the regular rates then established and in force on the line of transportation of such common carrier, shall be deemed guilty of a misdemeanor, and shall, upon conviction thereof in any court of the United States of competent jurisdiction within the district in which such offense was committed, be subject to a fine of not exceeding five thousand dollars, or imprisonment in the penitentiary for a term of not exceeding two years, or both, in the discretion of the court, for each offense.

Shippers Also Made Liable

“Any person, corporation, or company, or any agent or officer thereof, who shall deliver property for transportation to any common carrier subject to the provisions of this Act, or for whom, as consignor or consignee, any such carrier shall transport property, who shall knowingly and willfully, directly or indirectly, himself or by employee, agent, officer, or otherwise, by false billing, false classification, false weighing, false representation of the contents of the package or the substance of the property, false report of weight, false statement, or by any other device or means, whether with or without the consent or connivance of the carrier, its agent, or officer, obtain or attempt to obtain transportation for such property at less than the regular rates then established and in force on the line of transportation; or who shall knowingly and willfully, directly or indirectly, himself or by employee, agent, officer, or otherwise, by false statement or representation as to cost, value, nature, or extent of injury, or by the use of any false bill, bill of lading, receipt, voucher, roll, account, claim, certificate, affidavit, or

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deposition, knowing the same to be false, fictitious, or fraudulent, or to contain any false, fictitious, or fraudulent statement or entry, obtain or attempt to obtain any allowance, refund, or payment for damage or otherwise in connection with or growing out of the transportation of or agreement to transport such property, whether with or without the consent or connivance of the carrier, whereby the compensation of such carrier for such transportation, either before or after payment, shall in fact be made less than the regular rates then established and in force on the line of transportation, shall be deemed guilty of fraud, which is hereby declared to be a misdemeanor, and shall, upon conviction thereof in any court of the United States of competent jurisdiction within the district in which such offense was wholly or in part committed, be subject for each offense to a fine of not exceeding five thousand dollars or imprisonment in the penitentiary for a term of not exceeding two years, or both, in the discretion of the court: *Provided*, That the penalty of imprisonment shall not apply to artificial persons.

“If any such person, or any officer or agent of any such corporation or company, shall, by payment of money or other thing of value, solicitation, or otherwise, induce or attempt to induce any common carrier subject to the provisions of this Act, or any of its officers or agents, to discriminate unjustly in his, its, or their favor as against any other consignor or consignee in the transportation of property, or shall aid or abet any common carrier in any such unjust discrimination, such person or such officer or agent of such corporation or company shall be deemed guilty of a misdemeanor, and shall, upon conviction thereof in any court of the United States of competent jurisdiction within the district in which such offense was committed, be subject to a fine of not exceeding five thousand dollars, or imprisonment in the penitentiary for a term of not exceeding two years, or both, in the discretion of the court, for each offense; and such person, corporation, or company shall also, together with said common carrier, be liable, jointly or severally, in an action to be brought by any consignor or consignee discriminated against in any court of the United States of competent jurisdiction for all damages caused by or resulting therefrom.”

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ADDITIONAL PROVISIONS AS TO COMPLAINTS

SEC. 11. That section thirteen of said Act to regulate commerce be amended so as to read as follows:

“SEC. 13. That any person, firm, corporation, company, or association, or any mercantile, agricultural, or manufacturing society or other organization, or any body politic or municipal organization, or any common carrier, complaining of anything done or omitted to be done by any common carrier subject to the provisions of this Act, in contravention of the provisions thereof, may apply to said commission by petition, which shall briefly state the facts; whereupon a statement of the complaint thus made shall be forwarded by the commission to such common carrier, who shall be called upon to satisfy the complaint, or to answer the same in writing, within a reasonable time, to be specified by the commission. If such common carrier within the time specified shall make reparation for the injury alleged to have been done, the common carrier shall be relieved of liability to the complainant only for the particular violation of law thus complained of. If such carrier or carriers shall not satisfy the complaint within the time specified, or there shall appear to be any reasonable ground for investigating said complaint, it shall be the duty of the commission to investigate the matters complained of in such manner and by such means as it shall deem proper

Commission's Power of Initiative

“Said commission shall, in like manner and with the same authority and powers, investigate any complaint forwarded by the railroad commissioner or railroad commission of any State or Territory at the request of such commissioner or commission, and the Interstate Commerce Commission shall have full authority and power at any time to institute an inquiry, on its own motion, in any case and as to any matter or thing concerning which a complaint is authorized to be made, to or before said commission by any provision of this Act, or concerning which any question may arise under any of the provisions of this Act, or relating to the enforcement of any of the provisions of this Act. And the said commission shall have the

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same powers and authority to proceed with any inquiry instituted on its own motion as though it had been appealed to by complaint or petition under any of the provisions of this Act, including the power to make and enforce any order or orders in the case, or relating to the matter or thing concerning which the inquiry is had excepting orders for the payment of money. No complaint shall at any time be dismissed because of the absence of direct damage to the complainant."

COMMISSION GIVEN POWER OVER RATES, CLASSIFICATION AND ROUTING OF FREIGHT

SEC. 12. That section fifteen of said Act to regulate commerce, as heretofore amended, is hereby now amended so as to read as follows:

"SEC. 15. That whenever, after full hearing upon a complaint made as provided in section thirteen of this Act, or after full hearing under an order for investigation and hearing made by the commission on its own initiative (either in extension of any pending complaint or without any complaint whatever), the commission shall be of opinion that any individual or joint rates or charges whatsoever demanded, charged, or collected by any common carrier or carriers subject to the provisions of this Act for the transportation of persons or property or for the transmission of messages by telegraph or telephone as defined in the first section of this Act, or that any individual or joint classifications, regulations, or practices whatsoever of such carrier or carriers subject to the provisions of this Act are unjust or unreasonable or unjustly discriminatory, or unduly preferential or prejudicial or otherwise in violation of any of the provisions of this Act, the commission is hereby authorized and empowered to determine and prescribe what will be the just and reasonable individual or joint rate or rates, charge or charges, to be thereafter observed in such case as the maximum to be charged, and what individual or joint classification, regulation, or practice is just, fair, and reasonable, to be thereafter followed, and to make an order that the carrier or carriers shall cease and desist from such violation to the extent to which the commission finds the same to exist, and shall not thereafter

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publish, demand, or collect any rate or charge for such transportation or transmission in excess of the maximum rate or charge so prescribed, and shall adopt the classification and shall conform to and observe the regulation or practice so prescribed.

Suspension of Rates Pending Inquiry

“All orders of the commission, except orders for the payment of money, shall take effect within such reasonable time, not less than thirty days, and shall continue in force for such period of time, not exceeding two years, as shall be prescribed in the order of the commission, unless the same shall be suspended or modified or set aside by the commission, or be suspended or set aside by a court of competent jurisdiction. Whenever the carrier or carriers, in obedience to such order of the commission or otherwise, in respect to joint rates, fares, or charges, shall fail to agree among themselves upon the apportionment or division thereof the commission may, after hearing, make a supplemental order prescribing the just and reasonable proportion of such joint rate to be received by each carrier party thereto, which order shall take effect as a part of the original order.

“Whenever there shall be filed with the commission any schedule stating a new individual or joint rate, fare, or charge, or any new individual or joint classification, or any new individual or joint regulation or practice affecting any rate, fare, or charge, the commission shall have, and it is hereby given, authority, either upon complaint or upon its own initiative without complaint, at once, and if it so orders, without answer or other formal pleading by the interested carrier or carriers, but upon reasonable notice, to enter upon a hearing concerning the propriety of such rate, fare, charge, classification, regulation or practice; and pending such hearing and the decision thereon the commission upon filing with such schedule and delivering to the carrier or carriers affected thereby a statement in writing of its reasons for such suspension may suspend the operation of such schedule and defer the use of such rate, fare, charge, classification, regulation, or practice, but not for a longer period than one hundred and twenty days beyond the time when such rate,

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fare, charge, classification, regulation, or practice would otherwise go into effect; and after full hearing, whether completed before or after the rate, fare, charge, classification, regulation, or practice goes into effect, the commission may make such order in reference to such rate, fare, charge, classification, regulation, or practice as would be proper in a proceeding initiated after the rate, fare, charge, classification, regulation, or practice had become effective.

Burden of Proof

"*Provided*, That if any such hearing can not be concluded within the period of suspension, as above stated, the Interstate Commerce Commission may, in its discretion, extend the time of suspension for a further period not exceeding six months. At any hearing involving a rate increased after January first, nineteen hundred and ten, or of a rate sought to be increased after the passage of this Act, the burden of proof to show that the increased rate or proposed increased rate is just and reasonable shall be upon the common carrier, and the commission shall give to the hearing and decision of such questions preference over all other questions pending before it and decide the same as speedily as possible.

Through Routes and Joint Classifications

"The commission may also, after hearing, on a complaint or upon its own initiative without complaint, establish through routes and joint classifications, and may establish joint rates as the maximum to be charged and may prescribe the division of such rates as hereinbefore provided and the terms and conditions under which such through routes shall be operated, whenever the carriers themselves shall have refused or neglected to establish voluntarily such through routes or joint classifications or joint rates; and this provision shall apply when one of the connecting carriers is a water line. The commission shall not, however, establish any through route, classification, or rate between street electric passenger railways not engaged in the general business of transporting freight in addition to their passenger and express business and railroads of a different char-

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acter, nor shall the commission have the right to establish any route, classification, rate, fare, or charge when the transportation is wholly by water, and any transportation by water affected by this Act shall be subject to the laws and regulations applicable to transportation by water.

“And in establishing such through route, the commission shall not require any company, without its consent, to embrace in such route substantially less than the entire length of its railroad and of any intermediate railroad operated in conjunction and under a common management or control therewith which lies between the termini of such proposed through route, unless to do so would make such through route unreasonably long as compared with another practicable through route which could otherwise be established.

SHIPERS TO CONTROL ROUTING OF FREIGHT

“In all cases where at the time of delivery of property to any railroad corporation being a common carrier, for transportation subject to the provisions of this Act to any point of destination, between which and the point of such delivery for shipment two or more through routes and through rates shall have been established, as in this Act provided to which through routes and through rates such carrier is a party, the person, firm, or corporation making such shipment, subject to such reasonable exceptions and regulations as the Interstate Commerce Commission shall from time to time prescribe, shall have the right to designate in writing by which of such through routes such property shall be transported to destination, and it shall thereupon be the duty of the initial carrier to route said property and issue a through bill of lading therefor as so directed, and to transport said property over its own line or lines and deliver the same to a connecting line or lines according to such through route, and it shall be the duty of each of said connecting carriers to receive said property and transport it over the said line or lines and deliver the same to the next succeeding carrier or consignee according to the routing instructions in said bill of lading: *Provided, however,* That the shipper shall in all instances have the right to determine, where competing

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lines of railroad constitute portions of a through line or route, over which of said competing lines so constituting a portion of said through line or route his freight shall be transported.

CARRIERS MUST NOT DISCLOSE SHIPPERS' BUSINESS SECRETS

"It shall be unlawful for any common carrier subject to the provisions of this Act, or any officer, agent, or employee of such common carrier, or for any other person or corporation lawfully authorized by such common carrier to receive information therefrom, knowingly to disclose to or permit to be acquired by any person or corporation other than the shipper or consignee, without the consent of such shipper or consignee, any information concerning the nature, kind, quantity, destination, consignee, or routing of any property tendered or delivered to such common carrier for interstate transportation, which information may be used to the detriment or prejudice of such shipper or consignee, or which may improperly disclose his business transactions to a competitor; and it shall also be unlawful for any person or corporation to solicit or knowingly receive any such information which may be so used: *Provided*, That nothing in this Act shall be construed to prevent the giving of such information in response to any legal process issued under the authority of any state or federal court, or to any officer or agent of the Government of the United States, or of any State or Territory, in the exercise of his powers, or to any officer or other duly authorized person seeking such information for the prosecution of persons charged with or suspected of crime; or information given by a common carrier to another carrier or its duly authorized agent, for the purpose of adjusting mutual traffic accounts in the ordinary course of business of such carriers.

"Any person, corporation, or association violating any of the provisions of the next preceding paragraph of this section shall be deemed guilty of a misdemeanor, and for each offense, on conviction, shall pay to the United States a penalty of not more than one thousand dollars.

"If the owner of property transported under this Act directly or indirectly renders any service connected with such

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transportation, or furnishes any instrumentality used therein, the charge and allowance therefore shall be no more than is just and reasonable, and the commission may, after hearing on a complaint or on its own initiative, determine what is a reasonable charge as the maximum to be paid by the carrier or carriers for the services so rendered or for the use of the instrumentality so furnished, and fix the same by appropriate order, which order shall have the same force and effect and be enforced in like manner as the orders above provided for under this section.

“The foregoing enumeration of powers shall not exclude any power which the commission would otherwise have in the making of an order under the provisions of this Act.”

SUITS TO ENFORCE THE COMMISSION'S ORDERS

SEC. 13. That section sixteen of said Act to regulate commerce, as heretofore amended, is hereby now amended so as to read as follows:

“SEC. 16. That if, after hearing on a complaint made as provided in section thirteen of this Act, the commission shall determine that any party complainant is entitled to an award of damages under the provisions of this Act for a violation thereof, the commission shall make an order directing the carrier to pay to the complainant the sum to which he is entitled on or before a day named.

“If a carrier does not comply with an order for the payment of money within the time limit in such order, the complainant, or any person for whose benefit such order was made, may file in the circuit court of the United States for the district in which he resides or in which is located the principal operating office of the carrier, or through which the road of the carrier runs, or in any state court of general jurisdiction having jurisdiction of the parties, a petition setting forth briefly the causes for which he claims damages, and the order of the commission in the premises. Such suit in the circuit court of the United States shall proceed in all respects like other civil suits for damages, except that on the trial of such suit the findings and order of the commission shall be prima facie evidence of the

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facts therein stated, and except that the petitioner shall not be liable for costs in the circuit court nor for costs at any subsequent stage of the proceedings unless they accrue upon his appeal. If the petitioner shall finally prevail he shall be allowed a reasonable attorney's fee, to be taxed and collected as a part of the costs of the suit. All complaints for the recovery of damages shall be filed with the commission within two years from the time the cause of action accrues, and not after, and a petition for the enforcement of an order for the payment of money shall be filed in the circuit court or state court within one year from the date of the order, and not after.

"In such suits all parties in whose favor the commission may have made an award for damages by a single order may be joined as plaintiffs, and all of the carrier's parties to such order awarding such damages may be joined as defendants, and such suit may be maintained by such joint plaintiffs and against such joint defendants in any district where any one of such joint plaintiffs could maintain such suit against any one of such joint defendants; and service of process against any one of such defendants as may not be found in the district where the suit is brought may be made in any district where such defendant carrier has its principal operating office. In case of such joint suit the recovery, if any, may be by judgment in favor of any one of such plaintiffs, against the defendant found to be liable to such plaintiff.

"Every order of the commission shall be forthwith served upon the designated agent of the carrier in the city of Washington or in such other manner as may be provided by law.

Court Procedure Defined

"The commission shall be authorized to suspend or modify its orders upon such notice and in such manner as it shall deem proper.

"It shall be the duty of every common carrier, its agents and employees, to observe and comply with such orders so long as the same shall remain in effect.

"Any carrier, any officer, representative, or agent of a carrier, or any receiver, trustee, lessee, or agent of either of them, who knowingly fails or neglects to obey any order made under

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the provisions of section fifteen of this Act shall forfeit to the United States the sum of five thousand dollars for each offense. Every distinct violation shall be a separate offense, and in case of a continuing violation each day shall be deemed a separate offense.

“The forfeiture provided for in this Act shall be payable into the Treasury of the United States, and shall be recoverable in a civil suit in the name of the United States, brought in the district where the carrier has its principal operating office, or in any district through which the road of the carrier runs.

“It shall be the duty of the various district attorneys, under the direction of the Attorney-General of the United States, to prosecute for the recovery of forfeitures. The costs and expenses of such prosecution shall be paid out of the appropriation for the expenses of the courts of the United States.

“The commission may employ such attorneys as it finds necessary for proper legal aid and service of the commission or its members in the conduct of their work or for proper representation of the public interests in investigations made by it or cases or proceedings pending before it, whether at the commission's own instance or upon complaint, or to appeal for and represent the commission in any case pending in the commerce court; and the expenses of such employment shall be paid out of the appropriation for the commission.

“If any carrier fails or neglects to obey any order of the commission other than for the payment of money, while the same is in effect, the Interstate Commerce Commission or any party injured thereby, or the United States, by its Attorney-General, may apply to the commerce court for the enforcement of such order. If, after hearing, that court determines that the order was regularly made and duly served, and that the carrier is in disobedience of the same, the court shall enforce obedience to such order by writ of injunction or other proper process, mandatory or otherwise, to restrain such carrier, its officers, agents, or representatives, from further disobedience of such order, or to enjoin upon it or them obedience to the same.

“The copies of schedules and classifications and tariffs of rates, fares, and charges, and of all contracts, agreements, and arrangements between common carriers filed with the commis-

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sion as herein provided, and the statistics, tables, and figures contained in the annual or other reports of carriers made to the commission as required under the provisions of this Act shall be preserved as public records in the custody of the secretary of the commission, and shall be received as *prima facie* evidence of what they purport to be for the purpose of investigations by the commission and in all judicial proceedings; and copies of and extracts from any of said schedules, classifications, tariffs, contracts, agreements, arrangements, or reports, made public records as aforesaid, certified by the secretary, under the commission's seal, shall be received in evidence with like effect as the originals."

POWER OF COMMISSION TO REQUIRE REPORTS

SEC. 14. That section twenty of said Act to regulate commerce, as heretofore amended, is hereby amended by striking out the following paragraph:

"Said detailed reports shall contain all the required statistics for the period of twelve months ending on the thirtieth day of June in each year, and shall be made out under oath and filed with the commission, at its office in Washington, on or before the thirtieth day of September then next following, unless additional time be granted in any case by the commission; and if any carrier, person, or corporation subject to the provisions of this Act shall fail to make and file said annual reports within the time above specified, or within the time extended by the commission for making and filing the same, or shall fail to make specific answer to any question authorized by the provisions of this section within thirty days from the time it is lawfully required so to do, such parties shall forfeit to the United States the sum of one hundred dollars for each and every day it shall continue to be in default with respect thereto. The commission shall also have authority to require said carriers to file monthly reports of earnings and expenses or special reports within a specified period, and if any such carrier shall fail to file such reports within the time fixed by the commission it shall be subject to the forfeitures last above provided."

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And by inserting in lieu of the paragraph so stricken out the following:

“Said detailed reports shall contain all the required statistics for the period of twelve months ending on the thirtieth day of June in each year, or on the thirty-first day of December in each year if the commission by order substitute that period for the year ending June thirtieth, and shall be made out under oath and filed with the commission at its office in Washington within three months after the close of the year for which the report is made, unless additional time be granted in any case by the commission; and if any carrier, person, or corporation subject to the provisions of this Act shall fail to make and file said annual reports within the time above specified, or within the time extended by the commission, for making and filing the same, or shall fail to make specific answer to any question authorized by the provisions of this section within thirty days from the time it is lawfully required so to do, such party shall forfeit to the United States the sum of one hundred dollars for each and every day it shall continue to be in default with respect thereto. The commission shall also have authority by general or special orders to require said carriers, or any of them, to file monthly reports of earnings and expenses, and to file periodical or special, or both periodical and special, reports concerning any matters about which the commission is authorized or required by this or any other law to inquire or to keep itself informed or which it is required to enforce; and such periodical or special reports shall be under oath whenever the commission so requires; and if any such carrier shall fail to make and file any such periodical or special report within the time fixed by the commission, it shall be subject to the forfeitures last above provided.”

EXISTING POWERS SAFEGUARDED

SEC. 15. That nothing in this Act contained shall undo or impair any proceedings heretofore taken by or before the Interstate Commerce Commission or any of the acts of said commission; and in any cases, proceedings, or matters now pending before it, the commission may exercise any of the powers hereby

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conferred upon it, as would be proper in cases, proceedings, or matters hereafter initiated; and nothing in this Act contained shall operate to release or affect any obligation, liability, penalty, or forfeiture heretofore existing against or incurred by any person, corporation, or association.

A COMMISSION TO STUDY CONTROL OF SECURITIES

SEC. 16. That the President is hereby authorized to appoint a commission to investigate questions pertaining to the issuance of stocks and bonds by railroad corporations, subject to the provisions of the Act to regulate commerce, and the power of Congress to regulate or affect the same, and to fix the compensation of the members of such commission. Said commission shall be and is hereby authorized to employ experts to aid in the work of inquiry and examination, and such clerks, stenographers, and other assistants as may be necessary, which employees shall be paid such compensation as the commission may deem just and reasonable upon a certificate to be issued by the chairman of the commission. The several departments and bureaus of the Government shall detail from time to time such officials and employees and furnish such information to the commission as may be directed by the President. For the purposes of its investigations the commission shall be authorized to incur and have paid upon certificate of its chairman such expenses as the commission shall deem necessary: *Provided, however,* That the total expenses authorized and incurred under the provisions of this section for compensation, employees, or otherwise, shall not exceed the sum of twenty-five thousand dollars.

FEDERAL COURT INJUNCTIONS UPON THE STATES

SEC. 17. That no interlocutory injunction suspending or restraining the enforcement, operation, or execution of any statute of a State by restraining the action of any officer of such State in the enforcement or execution of such statute shall be issued or granted by any justice of the supreme court, or by any circuit court of the United States, or by any judge thereof, or by any district judge acting as circuit judge, upon the ground of the unconstitutionality of such statute, unless the

FEDERAL RAILWAY RATE ACT OF 1910

application for the same shall be presented to a justice of the Supreme Court of the United States, or to a circuit judge, or to a district judge acting as circuit judge, and shall be heard and determined by three judges, of whom at least one shall be a justice of the Supreme Court of the United States or a circuit judge, and the other two may be either circuit or district judges, and unless a majority of said three judges shall concur in granting such application. Whenever such application as aforesaid is presented to a justice of the Supreme Court of the United States, or to a judge, he shall immediately call to his assistance to hear and determine the application two other judges: *Provided, however,* That one of such three judges shall be a justice of the Supreme Court of the United States or a circuit judge. Said application shall not be heard or determined before at least five days' notice of the hearing has been given to the governor and to the attorney-general of the State, and to such other persons as may be defendants in the suit: *Provided,* That if of opinion that irreparable loss or damage would result to the complainant unless a temporary restraining order is granted, any justice of the Supreme Court of the United States, or any circuit or district judge, may grant such temporary restraining order at any time before such hearing and determination of the application for an interlocutory injunction, but such temporary restraining order shall only remain in force until the hearing and determination of the application for an interlocutory injunction upon notice as aforesaid. The hearing upon such application for an interlocutory injunction shall be given precedence and shall be in every way expedited and be assigned for a hearing at the earliest practicable day after the expiration of the notice hereinbefore provided for. An appeal may be taken directly to the Supreme Court of the United States from the order granting or denying, after notice and hearing, an interlocutory injunction in such case.

SEC. 18. That this Act shall take effect and be in force from and after the expiration of sixty days after its passage, except as to sections twelve and sixteen, which sections shall take effect and be in force immediately.

Approved, June 18, 1910.

APPENDIX II

DECISION OF THE INTERSTATE COMMERCE COM- MISSION IN THE RENO, NEVADA, RATE CASE

THE Interstate Commerce Commission, in 1909 and 1910, decided a number of cases involving transcontinental rates. Among the decisions of exceptional importance were the *City of Spokane, Washington, et al. v. Northern Pacific Railway Company et al.* (XV I. C. C. Reps., 376-426; XVI I. C. C. Reps., 179-181; XIX I. C. C. Reps., 162-217) and the *Railroad Commission of Nevada v. Southern Pacific Company et al.* (XIX I. C. C. Reps., 238-256). The latter one of these two decisions is reprinted in full here because it describes clearly the main features of the transcontinental rate system and also indicates a disposition of the Commission to require lower relative rates to "intermediate" points, as compared with the "Pacific Coast Terminals."

DECISION OF THE INTERSTATE COMMERCE COMMISSION IN RAILROAD COMMISSION OF NEVADA *vs.* SOUTHERN PACIFIC COMPANY *et al.*¹

Submitted February 7, 1909. Decided June 6, 1910

Class rates from points in eastern defined territory to points in Nevada found unreasonable; reasonable rates prescribed for the future.

¹ XIX I. C. C. Reps., 238-256.

DECISION IN RENO RATE CASE

H. F. Bartine and *R. C. Stoddard* for complainant.

F. C. Dillard, *P. F. Dunne*, and *C. W. Durbrow* for Southern Pacific Company and Nevada & California Railroad Company.

Seth Mann for Traffic Bureau of the Merchants' Exchange of San Francisco, intervener.

Edward G. Kuster and *Joseph P. Loeb* for Associated Jobbers of Los Angeles, intervener.

REPORT OF THE COMMISSION

LANE, Commissioner:

The highest main-line rates to be found in the United States are those from eastern points to stations in Nevada. For carrying a car load of first class traffic containing 20,000 pounds from Omaha to Reno the Union Pacific-Southern Pacific line charges \$858. If a like car load is carried 154 miles further, to Sacramento, the charge is but \$600. The first-class rate to the more distant point, Sacramento, is \$3 per 100 pounds, and to the nearer point, Reno, \$4.29 per 100 pounds. If a like car load of freight originates at Denver, 500 miles west of Omaha, the same rates to Reno and Sacramento apply; and if the freight originates at Boston, 1,700 miles east of Omaha, the rates are the same. This interesting rate condition arises out of two simple facts: (1) The whole of the United States from Colorado common points to the Atlantic seaboard, barring a few of the southeastern states, is one wide group or zone from which practically uniform rates to Pacific coast water points are made, and (2) the rates to Reno are based upon these blanket rates to coast cities, and amount to the sum of the rates to the coast plus the local rates back to point of destination.

This great zone, extending from the Rocky Mountains to the Atlantic, a distance of over 2,000 miles, from which practically uniform rates are made to Pacific coast terminal cities, is probably without parallel in the railroad world, excepting for a similar eastward blanket extended to Pacific coast producing points. The zone in which the same rates apply on California citrus fruits, for instance, extends from Salt Lake City

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on the west to Portland, Me. It is manifest that the trans-continental railroads have made a near approximation to the postage stamp system of rate making. Their policy has been to give to all eastern producing markets an opportunity to sell to the terminal cities upon a parity as to transportation charges and to give to Pacific coast producing points access to all eastern markets upon a like basis. To the great basin lying between the Rocky Mountains and the Sierra Nevadas the carriers have in a limited degree extended this same policy by making rates into Nevada base on the coast cities, and thus, the carriers say, they give to this territory the advantage of its proximity to the Pacific seaboard; that the rates to the latter are made low because of water competition between the Atlantic and Pacific ports—lower than would be justified were Sacramento and San Francisco not upon the water—and that Nevada rates would be still higher but for its nearness to the Pacific coast.

The state of Nevada, through its railroad commission, now comes asking that Nevada points be given the same rates as are now given to Pacific coast terminals, urging that these coast rates are not unreasonably low in themselves, and are not the product of any real water competition.

The complaint originally filed in this case made the Southern Pacific the sole defendant; the reasonableness of the rates from the east to Nevada were not attacked, excepting in so far as they are based on the rates to further western points, and include a back-haul charge. As the complaint then stood the petition was that this Commission should hold it to be unreasonable for the Southern Pacific, delivering freight at Reno and other points in Nevada, to charge for a back haul which is not in fact given, and that we should adjudge the rates to Sacramento to be reasonable as applied to the intermediate points. Later the complaint was amended by adding carriers east of Ogden forming a single through route from the Atlantic coast. So that the petition of Nevada now is that from all points upon this through route reasonable rates shall be fixed which shall not exceed those now applicable on shipments from such points to the more distant coast terminals. It is suggested by the complainant that we bring in other carriers as

DECISION IN RENO RATE CASE

defendants, so that the entire eastern territory may be covered by our order. This we think unnecessary, assuming, as we do, that the conclusions here reached as to a through route from the east to the west will be adopted and established by other lines similarly situated.

CONSTRUCTION OF NEVADA RATES

To reach a clear understanding of the basis upon which Nevada rates in general are now fixed, it is necessary to bear primarily in mind the fact before referred to, that the carriers of the country have united in establishing a zone 2,000 miles in width from which rates are practically uniform to what are known as "coast terminals." There are 152 of these coast terminals, 97 of which are in California. They are points more or less arbitrarily established by the carriers, but which are either upon inlets from the ocean or rivers running to such inlets, or are but slightly removed from such water points. The most prominent coast terminals are Seattle, Tacoma, Portland, Sacramento, San José, Stockton, Oakland, San Francisco, Los Angeles, and San Diego. To these coast terminals are extended what are known as "terminal rates" on west-bound transcontinental traffic. These rates apply either from all of eastern defined territory or from separate groups therein. The shaded portion of the accompanying map indicates eastern defined territory and the groups into which it is divided. These groups are lettered from A to J. A is limited to New York City piers, and has to do only with shipments by steamship via Gulf ports; B covers New England territory; C, New York territory and the middle states, with New York City as the principal point; D, Chicago and adjacent territory; E, the Mississippi River, with St. Louis as the principal city; F, the Missouri River; G, Kansas; H, Oklahoma; I, Texas; and J, Colorado, with Denver as its central point.

Class Rates.—Coming, then, to the construction of the Nevada class rates, we find that the carriers have employed three methods of construction during the past two years. Prior to January 1, 1909, there existed a body of what were known

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as intermediate class rates to Reno from certain designated eastern points. These rates were, on first class:

From Chicago-Milwaukee common points.....	\$3.90
From Mississippi River common points.....	3.70
From Missouri River common points.....	3.50
From Colorado common points.....	3.00

An alternative clause gave Reno the right to the combination rate based on Sacramento whenever that should be lower. This indefinite method of stating rates the Commission condemned in a general ruling. The tariffs were then changed so as to cancel the alternative clause and the intermediate class rates and thus to make all Nevada rates base on Sacramento. This was the situation when the case was heard. Later, however, in June of last year, a third plan was adopted, and that now obtains, viz., to divide Nevada into two zones with Humboldt as the dividing point. Points west of Humboldt take the Sacramento combination. Points east of Humboldt take generally the Ogden combination. It is unnecessary herein to trace the history and the effect of these various changes in the method of rate basing. We shall deal with the rates to all Nevada points as joint rates. And inasmuch as rates on all ten classes were quoted by the carrier's tariffs from all eastern defined territory to coast terminals and therefore by combination to interior points, at the time when this proceeding was brought, we shall consider that our jurisdiction extends to the installation of such rates to all of such territory.

To ascertain the rate upon a shipment from New York to Reno one looks in vain for any one tariff in which such rate is to be found. By examination of the tariff of the Transcontinental Freight Bureau, to which the Southern Pacific Company is a party, this note is discovered:

Rates to Intermediate Points

When no specific rate is named to an intermediate point shown in Transcontinental Freight Bureau Circular No. 16 C (I. C. C. No. 864), supplements thereto, or reissues thereof, rate to such an intermediate point will be made by adding to the rate shown to the point designated

DECISION IN RENO RATE CASE

herein as "Terminal," which is nearest destination of shipment, the local rate from nearest terminal point to destination.

Turning to Transcontinental Freight Bureau Circular No. 16-C (the issue at the date at which this complaint was brought), we find Reno named as an intermediate point, and that the nearest terminal to Reno is Sacramento, 154 miles west of Reno. We find, then, by returning to the Transcontinental Freight Bureau west-bound tariff, the rate applicable upon the shipment to Sacramento. Then, having ascertained this from a tariff to which all of the carriers from New York to Sacramento are parties, we must next find the local rate from Sacramento to the destination of the freight, which is east of Sacramento. This local rate, Sacramento to Reno, we find in a tariff to which the Southern Pacific Company alone is a party. Thus we have, through a maze of tariffs, at length discovered the rate from New York to Reno, which is made up of a joint through rate to Sacramento and a local rate of the Southern Pacific Company alone from Sacramento back to Reno.

The all-rail class rates, in cents, per 100 pounds from eastern defined territory to coast terminals were, when this case was brought, as follows:

	Class.									
	1	2	3	4	5	A	B	C	D	E
Groups B, C, D, E, F, G, H, and I.....	\$3.00	\$2.60	\$2.20	\$1.90	\$1.65	\$1.60	\$1.25	\$1.00	\$1.00	\$0.95
Group J.....	3.00	2.60	2.00	1.75	1.60	1.40	1.20	.95	.85	.80

An examination of present tariffs will show that from New England and New York territories (Groups B and C) no class rates below fourth class are now extended. Prior to January 1, 1909, however, and at the time this complaint was brought, rates were given for the full 10 classes from these groups, and such rates upon the \$3 scale are now given to coast terminals from Group A, the freight being carried from the New York City piers to New Orleans and Galveston by ocean carriers

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and thence by rail. It will also be seen that from Group J slightly lower rates are made on all classes below second class than are made from other groups. With these exceptions, however, the rates are uniform throughout the whole eastern defined territory as to classified freight.

The local rates on classes from Sacramento to Reno are as follows:

Class.....	1	2	3	4	5	A	B	C	D	E
Rate.....	129	112	102	87	78	78	24	23.5	25.5	25.5

The result of the combination on Sacramento is therefore to produce the following rates to Reno:

From Groups B, C, D, E, F, G, H, and I:

Class...	1	2	3	4	5	A	B	C	D	E
Rate...	429	373	322	277	243	238	159	133½	125½	120½

From Group J:

Class...	1	2	3	4	5	A	B	C	D	E
Rate...	429	373	302	262	238	218	154	128½	110½	105½

Rates to points east of Humboldt, such as Winnemucca and Elko, under the present method of making rates on the Ogden combination, vary as the rate from point of origin to Ogden.

The effect of this change in method of making rates may be illustrated briefly by the statement that the first-class rate to Reno from Chicago prior to January 1, 1909, was \$3.90, whereas it is now \$4.29; from Missouri River \$3.50, and now \$4.29. To Elko, on the other hand, the first-class rate from Chicago is now \$4.27, as against a previous rate of \$4.72½, when the rate based on Sacramento.

For many years the class rates to interior points, such as Reno, were no higher than to the terminals. On April 11, 1893, the practice of maintaining lower terminal rates was instituted. The first line of figures in the table below shows the Reno rates when this case was brought; the second line, the rates in 1892; and the third line, the difference, or the amount by which the rates have been increased.

DECISION IN RENO RATE CASE

TO RENO FROM—	CLASS									
	1	2	3	4	5	A	B	C	D	E
Missouri River common points.....	429	373	322	277	243	238	159	133½	125½	120½
1892 rates.....	350	300	250	200	175	175	155	125	110	100
Difference.....	79½	73	72	77	68	63	4	8½	15½	20½
Mississippi River common points.....	429	373	322	277	243	238	159	133½	125½	120½
1892 rates.....	370	320	260	205	180	182	163	130	115	105
Difference.....	59	53	62	72	63	56	...	3½	10½	15½
Chicago common points.....	429	373	322	277	243	238	159	133½	125½	120½
1892 rates.....	390	340	270	210	185	190	170	135	120	110
Difference.....	39	33	52	67	58	48	...	...	5½	10½

Commodity Rates.—While there are many hundred commodity rates extended to coast terminals, there are but few given to intermediate points. On the following articles the commodity rates are the same to Utah and Nevada points as to Pacific coast terminals from Groups D, E, F, G, H, I, and J of eastern defined territory, which include all points from Chicago west:

Apples; bananas; beer, in wood; bones; broom corn; butter, butterine, oleomargarine, eggs, cheese, and dressed poultry; cars, street; barley, corn, rye, oats, and speltz, c. l. and l. c. l.; bran and shorts, c. l. and l. c. l.; brewer's grits, brewer's meal, corn meal, corn chop or chop feed, chopped corn, cracked corn, and hominy; buckwheat, c. l. and l. c. l.; wheat, c. l. and l. c. l.; cooperage, cranberries; fertilizers, n. o. s.; household goods, c. l. and l. c. l.; live stock; machinery, mining; mineral-water bottles, returning; oil cake and oil-cake meal; onions; onion sets, l. c. l.; packing-house products; pineapples; plaster, building; poultry, alive; railway equipment; and staves and headings.

As to all but two or three of these commodities, the rates are the same to Reno as to Sacramento from Chicago. That is to say, the blanket rate made from all eastern defined territory to coast terminals on these commodities is applied from Chicago to Reno. There are a few other commodities upon which commodity rates are given to Reno which are somewhat higher

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than the rates from Chicago to Sacramento, viz., automobiles, buggies, carriages, wagons, vehicles, and coal, coke, and guano from certain far western points. From an examination of the tariffs it appears that the transcontinental commodity rates—rates from eastern defined territory to the coast terminals—are at the present time higher than they were ten years ago by a very considerable percentage, and this, regardless of the fact that the base of supplies has been constantly moving westward, thereby narrowing the distance between point of production and consumption.

VOLUME OF NEVADA TRAFFIC

Nevada is colloquially known as the "Sage Brush State," and from the car window it presents the spectacle of an almost uninterrupted waste. Railroad men speak of it as a "bridge"—unproductive territory across which freight must be carried to reach points of consumption. The figures of the Southern Pacific demonstrate, however, that while Nevada traffic may at one time have been negligible such is no longer the case.

Some time before this proceeding was brought the Southern Pacific Company, which is the lessee of the Central Pacific running from Ogden west into California, brought suit in the United States circuit court for the district of Nevada attacking certain rate schedules upon state traffic established by the state commission. In support of its case the Southern Pacific Company filed an affidavit made by Mr. C. B. Seger, auditor of the Southern Pacific Company, showing the earnings of the Central Pacific on business wholly within the state, on business passing through the state, on business originating in and passing out of the state, and on business originating outside and having its destination in the state, for the fiscal year ending June 30, 1907. Mr. Seger said by way of explaining his figures:

"The freight earnings accruing to and made by said Southern Pacific Company in Nevada, being the revenue itself, without reference to its disposition under any lease, agreement, or otherwise, are derived for the said fiscal year 1907 from through and local business, understanding by local business such as is

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strictly intrastate in character, picked up and laid down within the limits of the state of Nevada, and understanding by through business such as is interstate in character. Further differentiating, said interstate business consists, first, of business originating outside and coming into the state; second, of business originating in and passing out of the state; and third, of business originating outside the state, having destination beyond the state, and, in relation to the state itself, simply passing through the state. The freight earnings for said fiscal year, and pertaining to the said business as above classified, are set forth under the appropriate heads, and are, in fact, as follows:

	Revenue.	Percent- age of total.
Intrastate.....	\$159,791.40	0.02
Originating outside and coming into the state.....	1,683,687.69	.20
Originating in and passing out of the state.....	831,802.96	.10
	2,675,282.05	.32
Passing through the state.....	5,578,282.28	.68
Sum total.....	\$8,253,564.33	1.00

Surprising as these figures are, they apparently do not fully set forth the extent of Nevada business at this time, as is shown by an exhibit filed by the Southern Pacific Company in the present case, giving the business west of Ogden for the single month of February, 1909, which may be epitomized thus:

	Revenue.	Percent- age of total.	Ton- nage.	Percent- age of total.
Intrastate.....	\$29,001.00	0.03	4,715	0.04
Into and out of Nevada and Utah west of Ogden.....	314,379.65	.38	64,367	.50
	343,380.65	.41	69,182	.54
Passing through the state.....	495,128.37	.59	60,271	.46
Total for month of February, 1909..	\$838,509.02	1.00	130,453	1.00

Another most interesting showing is made by the Seger affidavit as to passenger business on the Southern Pacific in

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the state of Nevada for the year 1907, the figures given being these:

	Revenue.	Percent- age.
Intrastate.....	\$286,235.65	1)
Originating outside and coming into the state.....	357,511.55	9
Originating in and passing out of the state.....	267,582.85	13
		— 22
Passing through the state.....	1,962,915.33	— 32
Sum total.....	\$2,874,245.38	68
		100

The statement for the month of February, 1909, referred to above, sets forth very clearly not only the volume of business

TERRITORIAL MOVEMENT.	TOTAL.	
	Tons.	Southern Pacific earnings.
Gross total tonnage and earnings of the Southern Pacific Co. for the month of February, 1909.....	913,302	\$3,422,529.00
<i>Question No. 1</i>		
Freight via Ogden to California.....	37,886	320,220.55
Freight via Ogden from California.....	22,385	174,907.82
	60,271	495,128.37
<i>Question No. 2</i>		
Freight via Ogden to points in Nevada and Utah.....	17,485	\$66,284.88
Freight received at Nevada and Utah points from points west of Calvada.....	16,823	144,965.00
Freight via Ogden from points in Nevada and Utah.....	18,381	33,462.77
Freight forwarded from points in Nevada and Utah to points west of Calvada.....	11,678	69,667.00
	64,367	\$314,379.65
<i>Question No. 3A</i>		
Freight received in California, San Francisco and north, from all points in California, including interchange with connecting lines in California.....	189,827	\$365,168.00
<i>Question No. 3B</i>		
Freight picked up and laid down in Nevada and Utah and freight moving between Nevada and Utah:		
Nevada to Nevada.....	4,046	\$21,839.00
Utah to Utah.....	144	948.00
Utah to Nevada.....	499	5,122.00
Nevada to Utah.....	26	1,092.00
	4,715	\$29,001.00

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going into and out of Nevada and the earnings of the Southern Pacific thereon, but also gives a specific analysis of the sources of the traffic, showing the volume which comes into Nevada from the East and that which comes from California. Under "Question 2" on opposite page will be found a statement of the freight received at Nevada and Utah points from points west of Calvada, which is a station directly on the California-Nevada state line. This table, however, should not mislead; a considerable percentage of the traffic from California is traffic of eastern origin reshipped from California to Nevada. The table also includes coal and other commodities of very large tonnage (approximately one-half of the total in weight) coming from points west of eastern defined territory.

There was a time, doubtless, when Nevada traffic, save to the mines on its westernmost border, was but trifling. At present, however, it has a traffic, both freight and passenger, which is far too considerable to be overlooked under the rule *de minimis*. And it is to be remembered that the figures given apply to but one road, whereas a second is in operation across the state to the south, and a third is beginning operations on the north.

SOURCES OF EASTERN TRAFFIC

It is interesting in this connection to regard the point of origin of this eastern freight. The railroad commission of Nevada had access to the billing of all shipments reaching Reno, and from these compiled a series of statements which appear to show that the great body of Nevada traffic which comes directly from the East via Ogden originates west of the Indiana-Illinois state line.

From one exhibit it appears that of the 1,063,687 pounds of less-than-carload shipments originating in eastern defined territory and delivered at Reno during the months of January, February, March, and April, 1908, only 10 per cent originated at the Atlantic coast cities of New York, Boston, and Philadelphia, and only 25 per cent in Connecticut, District of Columbia, Maine, Maryland, Massachusetts, New Jersey, New York, Pennsylvania, and Virginia. This exhibit further shows that on the traffic moved the charges were \$32,719.30; that if

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terminal rates had been applied charges would have been \$21,956.24; and that the difference is \$10,748.07. In other words, the charges on these shipments to Reno were 48.3 per cent higher than would have been the charges on the same shipments had they been carried over the mountains to Sacramento.

Another exhibit shows that of 21,000,000 pounds of carload freight, earning \$278,000, moved from eastern defined territory into Reno, 9,500,000 pounds, earning \$120,000, moved in at rates no higher than terminals. It further shows that only 4,500,000 pounds of the 21,000,000 originated east of Chicago. This exhibit shows, aside from the products carried to Reno at terminal rates, that the charges were, for the year 1908, \$157,824.94; that the terminal charge would have been \$99,679.90; and the difference, \$58,524.40. In other words, the charges on car-load shipments to Reno were 59 per cent higher than the charges on the same shipments would have been had they been carried to Sacramento.

Commissioner Thurtell estimated from the figures at his hand that the total receipts under present rates upon business brought into Reno via Ogden for the year 1908 amounted to \$454,343.69, and under terminal rates the revenue would have been \$363,865.23, a reduction of \$90,478.46. The statement also shows that the revenue to the Southern Pacific from this business was \$268,516.40, and would have been under terminal rate \$178,037.94, a reduction of \$90,478.46, or about 33 per cent. Expressed in revenue, the Southern Pacific on the haul from Ogden to Reno earned \$11.51 per ton, while if terminal rates had been charged its earnings would have been \$7.63 per ton.

On the whole, the figures given in this case, which are the most authoritative thus far presented to the Commission with reference to the sources of westbound transcontinental traffic, indicate that less than 25 per cent of the traffic into Reno from the East originates east of Chicago, while 75 per cent originates between Chicago and Denver. In other words, the needs of the people on the west coast may be and are in great part supplied from sources nearer home than the Atlantic seaboard.

The manufacturing center of the country has moved west-

DECISION IN RENO RATE CASE

ward and rates from the Atlantic seaboard that were once necessary are now almost unused. It may be historically the fact, as the carriers assert, that the transcontinental blanket rates given to the Pacific coast cities were put in to meet water competition from the Atlantic coast points, and that these rates were extended westward from the Atlantic as matter of grace to western manufacturers and producers; to-day, however, it might well be said that this blanket is extended not westward, but eastward, so as to give the eastern manufacturer or jobber some opportunity to reach the far western markets.

WATER COMPETITION

As we have seen, the rates are higher on almost all commodities from eastern producing points to Reno than on these same commodities to Sacramento, the more distant point. Without explanation this constitutes a violation of the long- and short-haul clause of the act. The carriers justify the lower rates to the more distant point upon the ground of water competition. They say that the rates charged to Reno and other Nevada cities are reasonable in themselves measured by the cost of the service to the carrier or the value of the service to the shipper, and that rates to the coast cities measured by these standards are too low to be considered reasonable and would not be in effect but for the force of water competition. The Nevada commission, on the other hand, contends that while some commerce does move from the Atlantic seaboard by water, the volume is so small that it is not influential in determining the present rate to the coast terminals; that the coast rate itself is reasonable, and therefore that the application of a higher rate to an intermediate point cannot be justified. The making of higher intermediate rates, they strongly urge, is a matter of railway policy and not of railway necessity, in that the railways wish to develop the coast cities as jobbing centers to the exclusion of interior points; that the revenues of the carriers would not be seriously impaired were this policy abrogated and as low rates given to the intermountain country as are now extended to the coast cities.

It is no reflection upon the traffic manager of a railroad to

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say that he bases his rates upon some line of policy. He deals directly, and in most cases exclusively, with the producer or the jobber. His concern is to keep these patrons satisfied and at the same time bring to his railroad the greatest possible revenue. This is what he means by saying that he charges what the traffic will bear. He regards as reasonable whatever rate will make for the best interest of his road, and in determining this he adopts a line of policy which affects either favorably or unfavorably the industrial growth of the communities which the carrier serves. The restrictions of the act to regulate commerce are governmental limitations placed upon the unlimited and arbitrary discretion of traffic officials. While the latter may adopt policies which they regard as most favorable to their roads, such policies must be restricted by the inhibitions of the law which this Commission must enforce. The policy of making Reno rates base upon those extended to the more distant point may not be justified upon the ground that Reno traffic will bear that imposition, but may be justified by conditions obtaining at the more distant point which the carrier may meet without offense to any provision of the act.

And this brings directly to our consideration the question of water competition at Sacramento and other coast terminals. It is, of course, a physical fact that commerce may be carried by water from the eastern seaboard to the Pacific coast. It is admitted by all, and substantiated by the evidence in this case, that some commerce does actually so move. An estimate has been made by complainant that approximately 3,000,000 tons of transcontinental traffic reaches the coast terminals during each year by rail, while the highest figure given as the volume of traffic reaching those points by water from the eastern seaboard is under ten per cent of the rail movement. The fact, however, that it moves in large or small quantities does not of itself sustain the contention that the present rates from eastern defined territory to coast terminals are so low as not to make a reasonable return to the carrier for the service performed. A movement of traffic may be affected by water competition at a more distant point and yet a rate made up of the combination of the rate by water plus the rate back be unreasonable and unjust. Nevada, Utah, Arizona, and Idaho

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are nearer to the Pacific coast than to the Atlantic, but this does not of itself justify charging them overland rail rates which will give them none of the advantages arising out of their shorter distance to an eastern base of supplies. Nor does it follow that a rate to a point on the seaboard is lower than would be justified if that point were not so situated. In short, it is not sufficient to state that the terminal points are situated on the water to excuse the imposition of higher rates at intermediate points.

There has been little difficulty experienced from time to time by the rail carriers in raising rates to the Pacific coast; the only live water competitor on the Pacific to-day is a line which bases its rates on the rail tariffs, and the rates of both the rail and the water lines change simultaneously. Ways can be found, and have been found, by which the presence of the ocean as a controlling, or even greatly meddlesome, factor in the fixing of railroad rates can be nullified. There is no doubt but that rail rates have been influenced at times to all the Pacific ports by water carriers, and of course there is the possibility that at any time this water competition may become seriously aggressive and potent. The United States is not a maritime nation at present, and her great coast line on the Pacific side is served in great part by such water carriers as the railroads permit to live.

While, therefore, physical conditions at the coast are dissimilar to those at interior points, the rates to the coast are not necessarily less than in fairness the traffic should carry. The water carriers between the Atlantic and the Pacific coasts at present charge rates from 25 to 40 per cent less than their railroad rivals. To get this business the water carrier at the eastern port reaches inland and absorbs a rail rate of twenty cents upon commodities which carry more than a fifty-cent water rate to the Pacific coast. The American-Hawaiian Steamship Company then transports the freight by water to the Tehuantepec road, where it is transshipped across the Isthmus, and being loaded again is carried to a Pacific coast port and there reshipped either by rail or water to certain designated points of destination inland from the port. In such a movement there is involved a rail haul of 400 or 500 miles, at least

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six, and possibly more, separate handlings of each parcel of freight, and a haul by water of fully 5,000 miles. Freight moving via Panama is subject to even heavier conditions. It is insisted by the Nevada commission that water competition of this character is not sufficiently aggressive or formidable to compel the railroads to make any other rates to the coast terminals than those which from reasons of policy they are at present making. The suggestion is not without pertinence that if five different transportation services, three by rail and two by water, involving at least six handlings of the freight and a total haul of 5,500 miles, can be furnished profitably at from 60 to 75 per cent of the rail rate, the compensation to the rail carrier for an all-rail haul of 2,500 miles, with no handling and but two terminal charges, should produce ample revenue to the rail carrier.

There are many interesting developments in this and other transcontinental cases touching this matter of competition by water. For instance, the lowest rate does not in all cases apply to and from the seacoast points. There are many commodities upon which the rates from Chicago and Kansas City to Sacramento and San Francisco are less than they are from New York. And yet it is said to be the competition from New York that produces the low rate. In no case is the rail rate from New York less than is the rate from other portions of eastern defined territory, while of course in all cases New York is nearer the source of the competing force, the ocean. This is accounted for by the carriers on the ground that by taking the same, or a lower, rate from the interior points to the coast terminals the rail carrier avoids the longer rail haul, the points of origin and destination being nearer together. This is an application of what the carriers term "market competition," but it is not a strong argument to sustain the theory of water competition.

As usually applied by carriers market competition results in the hauling of commodities produced at places distant from the point of consumption to compete with the same commodities from points nearer to the point of consumption. In this case, however, market competition is said to be the controlling factor which justifies a rate from an interior point less distant

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from destination. Thus we have a three-dollar rate from New York to Sacramento to meet water competition, and a three-dollar rate from Kansas City to meet market competition. We also have a \$4.29 rate from Kansas City and from New York, to Reno, as a reasonable rate because of water competition from New York to Sacramento.

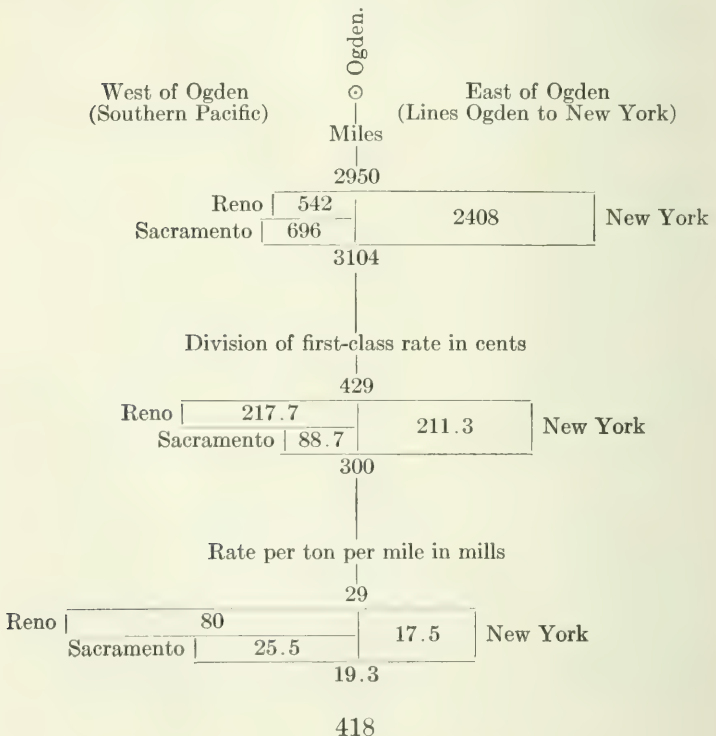
We do not regard the divisions of rates as in any wise conclusive as to the reasonableness of rates between certain points, but such divisions are sometimes of significance. In the present case we find that if 100 pounds of freight is shipped from Boston, or New York, or Chicago, or St. Louis, or Omaha to Sacramento on the three-dollar rate, and another 100 pounds of the same kind of freight is shipped from the same points to Reno on the same day, the carriers east of Ogden receive precisely the same earnings upon both shipments; but the Southern Pacific, west of Ogden, receives far more upon the Reno shipment than on the Sacramento shipment. This is illustrated in the following table:

FROM—	To—	Rate.	Earnings east of Ogden.	Earnings of Southern Pacific Company (west of Ogden).
		<i>Cents.</i>	<i>Cents.</i>	<i>Cents.</i>
Group B, Boston.....	{ Sacramento..	300	211.3	88.7
	{ Reno.....	429	211.3	217.7
Group C, New York.....	{ Sacramento..	300	211.3	88.7
	{ Reno.....	429	211.3	217.7
Group D, including Chicago, etc.....	{ Sacramento..	300	181.9	118.1
	{ Reno.....	429	181.0	248.0
Group E, including Mississippi River..	{ Sacramento..	300	174.5	125.5
	{ Reno.....	429	174.5	254.5
Group F, including Missouri River....	{ Sacramento..	300	159.3	140.7
	{ Reno.....	429	159.3	269.7

Neither at the hearings nor in the argument did the carriers east of Ogden contend that their divisions of these rates were unreasonable. The Southern Pacific, however, the carrier which makes the last 700 miles of a 3,100-mile haul, strenuously insists that its rates to the more distant points are compelled by water competition for the purpose of defending higher rates to intermediate points; while the carriers performing 2,400 miles of that service appear to regard the rate as entirely

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reasonable. The line from New York to Sacramento and Reno constitutes a through route and in law the carriers engaging therein constitute one line. If the Sacramento rate is less than a reasonable rate and the result of competition, then it would seem fair to assume that all of the carriers engaging in the transportation so consider it and would accordingly demand a lesser division than the division they would be justified in requiring out of the higher rate to the intermediate point. The fact remains, however, that for the 2,400-mile haul from New York to Ogden the New York Central, the Lake Shore, the North Western, and the Union Pacific secure the same revenue out of the three-dollar rate to Sacramento that they do out of the \$4.29 rate to Reno. This is graphically illustrated by the following diagram showing the division of the rate:



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PRODUCTIVE FREIGHT TERRITORY

We have gone extensively into an investigation of the conditions surrounding this traffic and in anywise governing the basis upon which the rates to Nevada from the East should be governed. What has been said herein gives little more than a suggestion of the extent of the inquiry which has been made. We have, for instance, had reports made upon the financial condition of the carriers involved, and their ability to meet any reduction which the Commission might direct without serious impairment of their revenues, an interesting fact in this connection being this: During the past two years the operating revenues of the Southern Pacific Company's Pacific system have increased \$8,000,000 while its operating expenses have decreased \$5,000,000, thus producing an increased operating income of over \$12,000,000, or a net increase of about \$2,000 per mile of road.

There appears in the record a compilation from the statistics of this Commission for the years 1898-1907 in which it is shown that in these ten years the carriers in the Pacific coast territory doubled their freight tonnage, which rose from 18,000,000 to 35,000,000 tons; almost doubled their gross revenue; their receipts per mile increased over 70 per cent; their receipts per ton per mile increased from 1.07 to 1.25, or about 20 per cent; while the relation of expenses to earnings remained practically constant at 62.50 per cent. These figures are for all the roads in the Pacific territory. But if we take the Central Pacific alone we find it third in the list of Pacific coast roads in tons carried and the highest of all in freight earnings per mile (13,453 per mile in 1907). While it is one of three railroads in the West carrying over a million tons of freight per mile of road—the average for the United States—the earnings of the Central Pacific per mile are 65 per cent greater than the average for the United States and 100 per cent greater than the average of the roads west of Chicago.

CONCLUSIONS

The time has come, in our opinion, when the carriers west of the Rocky Mountains must treat the intermountain coun-

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try upon a different basis from that which has hitherto obtained.

Nevada asks that she be given rates as low as those given to Sacramento. The full extent of this petition cannot be granted. In making rates to Reno from a territory broader than the whole of continental Europe we have necessarily given consideration to existing rates to other intermediate points and to points upon the Pacific.

We are of opinion that the class rates to Reno, Winnemucca, and Elko, and other points in Nevada upon the main line of the Southern Pacific Company, from stations on the lines of the defendants between New York and Denver and other Colorado common points are unreasonable and unjust and that for the future no higher rates than those set forth below should be charged to Reno and points east thereof to, but not including, Winnemucca:

FROM—	CLASS.									
	1	2	3	4	5	A	B	C	D	E
Denver and other points in Group J ¹	\$2.10	\$1.82	\$1.54	\$1.33	\$1.12	\$1.12	\$0.87	\$0.70	\$0.66	\$0.60
Grand Island and other points in Group G ¹	2.30	2.00	1.68	1.45	1.22	1.22	.96	.76	.73	.65
Omaha and other points in Group F ¹	2.50	2.17	1.83	1.58	1.33	1.33	1.04	.83	.79	.71
Clinton and other points in Group E ¹	2.80	2.42	2.03	1.71	1.43	1.46	1.14	.91	.86	.78
Chicago and other points in Group D ¹	2.90	2.51	2.09	1.75	1.47	1.50	1.18	.94	.89	.80
Toledo and other Cincinnati-Detroit common points ²	3.05	2.63	2.19	1.81	1.52	1.56	1.23	.98	.92	.83
Buffalo and other Pittsburgh-Buffalo common points ²	3.20	2.76	2.29	1.87	1.57	1.62	1.28	1.03	.96	.86
New York and common points ²	3.50	3.01	2.49	2.00	1.67	1.75	1.38	1.11	1.03	.93

¹ As designated in Transcontinental Freight Bureau Westbound Tariff 1-K, I. C. C. No. 920.

² As designated in Nor. Pac. No. 23500, I. C. C. No. 3295.

And that for the future no higher rates than those set forth below should be charged to Winnemucca and points east thereof to the Nevada-Utah State line:

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FROM—	CLASS.									
	1	2	3	4	5	A	B	C	D	E
Denver and other points in Group J ¹	\$2.00	\$1.72	\$1.46	\$1.26	\$1.06	\$1.06	\$0.83	\$0.67	\$0.63	\$0.57
Grand Island and other points in Group G ¹	2.19	1.90	1.60	1.38	1.16	1.16	.91	.72	.69	.62
Omaha and other points in Group F ¹	2.38	2.06	1.74	1.50	1.26	1.26	.99	.79	.75	.67
Clinton and other points in Group E ¹	2.66	2.30	1.93	1.62	1.36	1.39	1.08	.86	.82	.74
Chicago and other points in Group D ¹	2.75	2.38	1.99	1.66	1.40	1.43	1.07	.89	.85	.76
Toledo and other Cincinnati-Detroit common points ²	2.90	2.50	2.08	1.72	1.44	1.48	1.17	.93	.87	.79
Buffalo and other Pittsburgh-Buffalo common points ²	3.04	2.62	2.18	1.78	1.49	1.44	1.22	.98	.91	.82
New York and common points ²	3.33	2.86	2.37	1.90	1.59	1.66	1.31	1.05	.98	.88

¹ As designated in Transcontinental Freight Bureau Westbound Tariff 1-K, I. C. C. No. 920.

² As designated in Nor. Pac. No. 23560, I. C. C. No. 3295.

In directing the carriers to establish these class rates we have taken into consideration the fact that the general policy of the carriers is to make commodity rates somewhat lower than class rates on commodities, the movement of which is regarded as necessary to the development of mercantile interests and industries. There are at present, as we have seen, a considerable number of such commodity rates into Reno, but these are entirely insufficient to meet the needs of Nevada if she is to become in any way an independent business community. There is no foundation in the record in this case for the establishment of such commodity rates. The theory upon which the case was presented eliminated all other considerations excepting the claim that all rates extended to Sacramento were reasonable as to Reno and other Nevada points. The Nevada petition was tantamount to a request that under our legal authority to establish reasonable rates we should fix the same rate from Denver as from Boston. We do not so construe our authority as to permit this Commission to make rates upon such a basis. Without doubt the commodity rates made to the coast terminals are reasonable from a great portion of eastern de-

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fined territory, but a governmental authority may not exercise the latitude in fixing a rate blanket which the carriers themselves have here exercised.

In the *Spokane case*, 19 I. C. C. Rep. 162, some 600 commodity rates had been established voluntarily by the carriers, and the petition in that case was for the reduction of those rates to a reasonable figure. The carriers had made a special series of zones across the continent to meet the exigencies of the Spokane situation. In the case before us, however, no such favorable condition is presented. We have neither a schedule of commodity rates with which to deal as to which specific complaint is made, nor have the carriers so divided the continent into groups of originating territory, save in the sense that the transcontinental groups to the coast terminals, which are entirely different from those found in the *Spokane case*, *supra*, furnish a foundation for present combination rates to western Nevada.

In view of this situation we shall make no order as to commodity rates in this case at the present time, but shall direct the carriers to make a record of all shipments into Nevada from eastern defined territory during the months of July, August, and September, 1910, or during such other representative months as may be determined upon by the Commission after conference with the carriers, and furnish the Commission with a statement showing as to each shipment the following facts:

(1) The commodity; (2) the weight, car load or less than car load; (3) point of origin and the transcontinental territorial group in which the same is situated; (4) rate that would be applied under the tariffs in effect July 1, 1910; (5) the gross charges thereunder; (6) the rate applicable under the order made in this case; (7) the gross charges thereunder; (8) the rate that would be applied were the movement to Sacramento; (9) the gross charges thereunder.

The complainant will be ordered in this case, on or before October 1, 1910, to furnish to the Commission and to the defendant Southern Pacific Company a list of commodities upon which commodity rates are desired, together with an outline of the various territories or groups from which commodity rates should apply.

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We are of the opinion that justice cannot be done to Nevada unless Nevada points are put on a practical parity with points in eastern Washington and eastern Oregon, and a further hearing will, in due course, be held after the data here requested have been furnished by carriers and complainant.

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